[H.A.S.C. No. 99-2]

DEFENSE DEPARTMENT AUTHORIZATION AND OVERSIGHT

HEARINGS

ON

H.R. 1872

DEPARTMENT OF DEFENSE AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 1986

AND

OVERSIGHT OF PREVIOUSLY AUTHORIZED PROGRAMS

BEFORE THE

COMMITTEE ON ARMED SERVICES HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

FIRST SESSION

Part 5 of 7 Parts

TITLE III—OPERATION AND MAINTENANCE
TITLE IV—WORKING CAPITAL FUNDS

HEARINGS HELD

FEBRUARY 28; MARCH 6, 7, 14, 20, 21, 27, 28;
APRIL 3, 4, 17, 18, AND 25, 1985

U.S. GOVERNMENT PRINTING OFFICE

51-807 O WASHINGTON : 1985

H201-34

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99TH CONGRESS
1ST SESSION

H. R. 1872

To authorize appropriations for fiscal year 1986 for the Armed Forces for procurement, for research, development, test, and evaluation, for operation and maintenance, and for working capital funds, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 2, 1985

Mr. ASPIN (for himself and Mr. DICKINSON) (by request) introduced the following bill; which was referred to the Committee on Armed Services

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A BILL

To authorize appropriations for fiscal year 1986 for the Armed Forces for procurement, for research, development, test, and evaluation, for operation and maintenance, and for working capital funds, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Department of Defense Authorization Act, 1986".

* * * * * * *

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. Funds are hereby authorized to be appropriated for fiscal year 1986 for the use of the Armed Forces for research, development, test, and evaluation, in amounts as follows:

For the Army, $5,279,900,000.

For the Navy (including the Marine Corps), $11,265,900,000.

For the Air Force, $15,578,500,000.

For the Defense Agencies, $7,157,900,000, of which $103,500,000 is authorized for the activities of the Director of Test and Evaluation, Defense.

TITLE III—OPERATION AND MAINTENANCE

SEC. 301. (a) Funds are hereby authorized to be appropriated for fiscal year 1986 for the use of the Armed Forces of the United States and other activities and agencies of the Department of Defense for expenses, not otherwise provided for, for operation and maintenance, in amounts as follows:

For the Army, $20,190,630,000.

For the Navy, $25,797,700,000.

For the Marine Corps, $1,667,400,000.

For the Air Force, $20,924,400,000.

For the Defense Agencies, $7,568,900,000.

For the Army Reserve, $779,600,000.

For the Naval Reserve, $954,500,000.

For the Marine Corps Reserve, $61,600,000.

For the Air Force Reserve, $907,700,000.

For the Army National Guard, $1,605,200,000.

For the Air National Guard, $1,830,100,000.

For the National Board for the Promotion of Rifle Practice, $920,000.

For Defense Claims, $158,300,000.

For the Court of Military Appeals, $3,200,000.

(b) There are authorized to be appropriated for fiscal year 1986, in addition to the amounts authorized to be appropriated in subsection (a), such sums as may be necessary—

(1) for unbudgeted increases in fuel costs; and

(2) for unbudgeted increases as the result of inflation in the cost of activities authorized by subsection (a).

TITLE IV—WORKING CAPITAL FUNDS

SEC. 401. Funds are hereby authorized to be appropriated for fiscal year 1986 for the use of the Armed Forces of the United States and other activities and agencies of the Department of Defense for providing capital for working capital funds, in amounts as follows:

For the Army Stock Fund, $442,000,000.

For the Navy Stock Fund, $716,500,000.

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For the Marine Corps Stock Fund, $42,700,000.

For the Air Force Stock Fund, $464,900,000.

For the Defense Stock Fund, $193,500,000.

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OFFICE OF THE SECRETARY OF DEFENSE [OSD] AND OPERATION AND MAINTENANCE [O&M] OVERVIEW

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Thursday, February 28, 1985.

The Subcommittee on Readiness met pursuant to notice, at 2 p.m., in room 2216, Rayburn House Office Building, Hon. Dan Daniel (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. DAN DANIEL, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. DANIEL. The subcommittee will be in order.

The Chair will ask the indulgence of the subcommittee and our guests whom we welcome, to tolerate me for a few minutes.

I have a rather lengthy statement that I will make and I think it will become obvious why I am taking this length of time of the subcommittee.

Dr. West, will you give these two charts to Mr. Dube because that is what I will be talking about.

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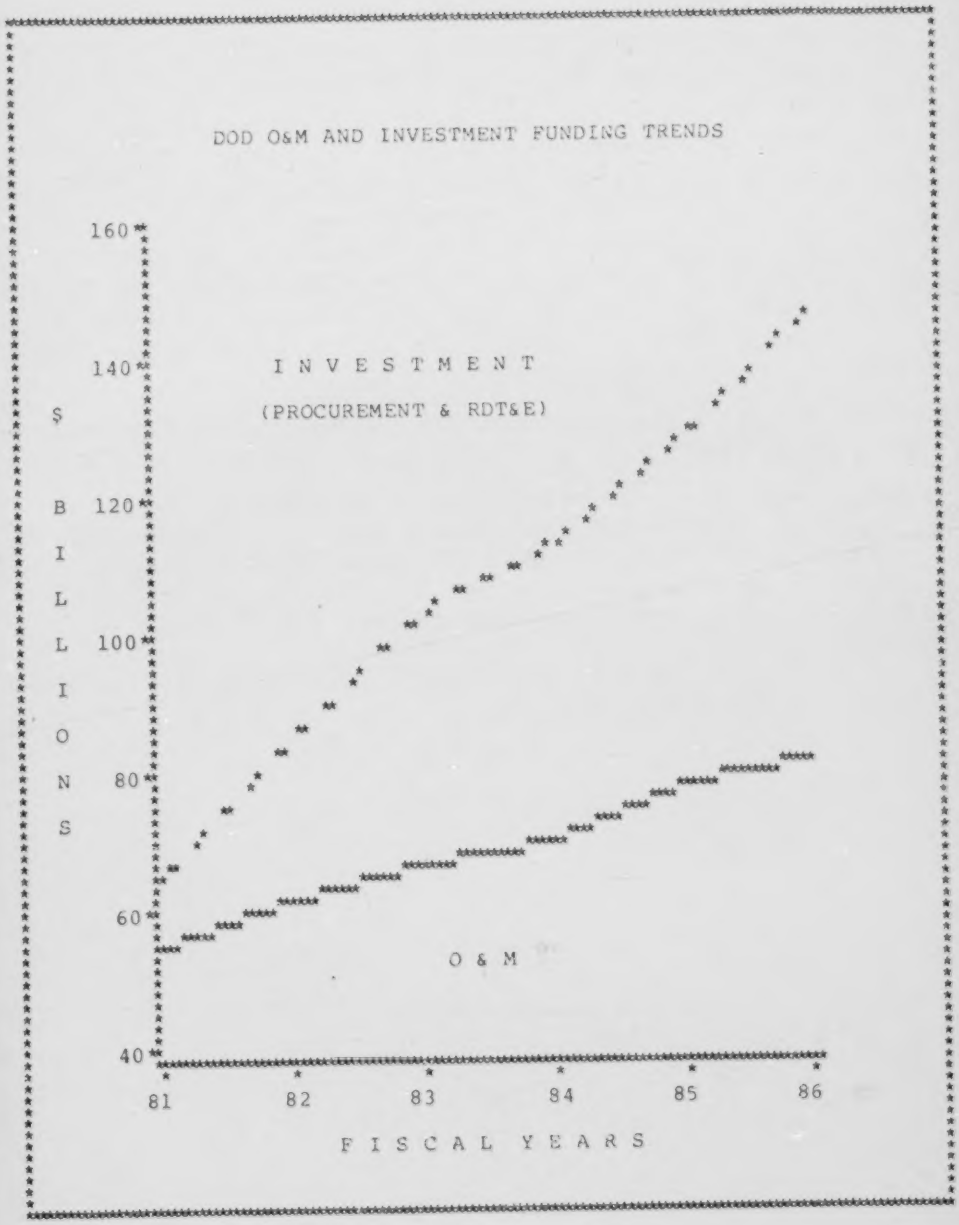
DOD O&M AND INVESTMENT FUNDING TRENDS
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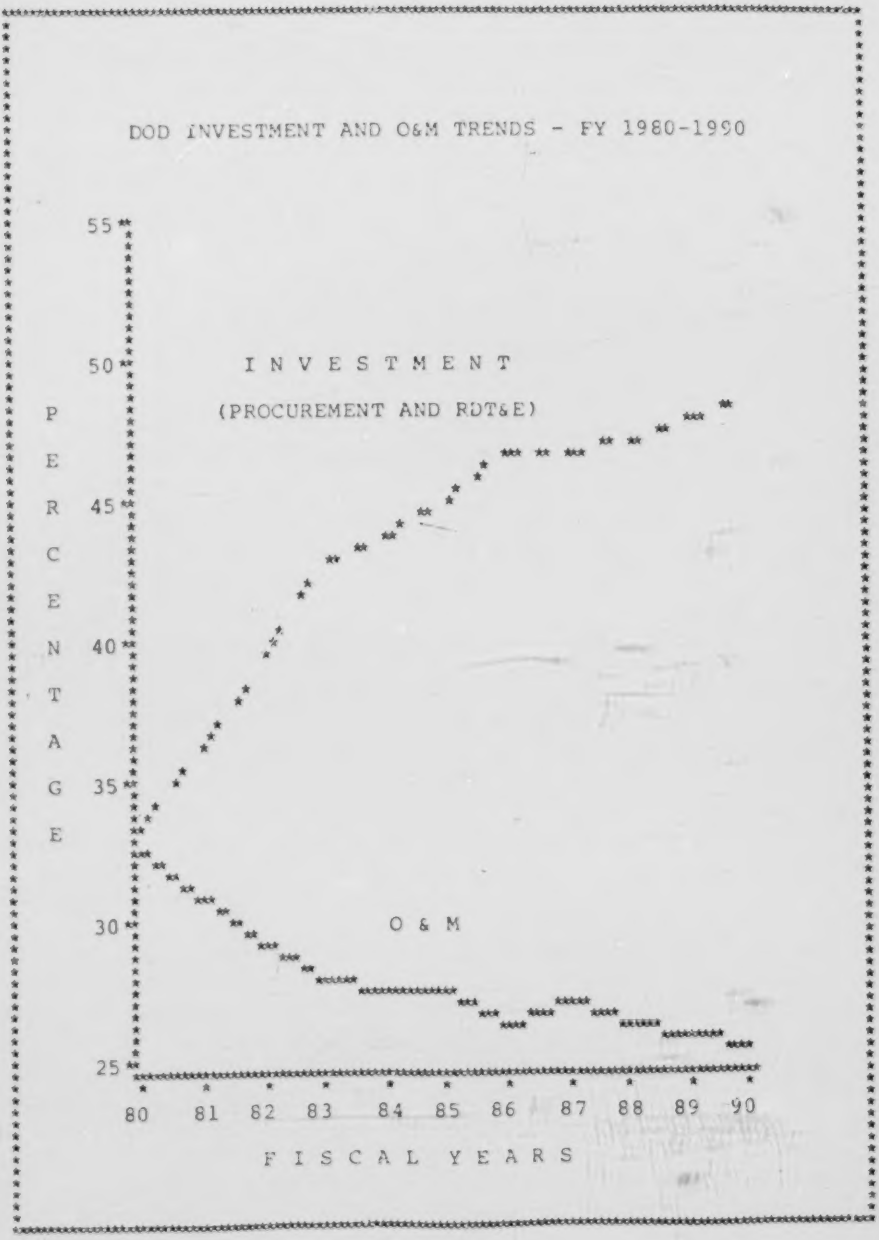
FISCAL YEARS


DOD INVESTMENT AND O&M TRENDS - FY 1980-1990
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PERCENTAGE
INVESTMENT
(PROCUREMENT AND RDT&E)
O & M
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FISCAL YEARS

Mr. DANIEL. Today the subcommittee begins its review of the fiscal year 1986 Department of Defense operation and maintenance request with a budget overview and testimony on the defense agencies O&M request.

We are pleased to welcome back Mr. Paul Dube, Director for Operations, Office of Assistant Secretary of Defense (Comptroller) for his fourth appearance before the subcommittee.

Paul has been a constant source of help and information to the subcommittee and we appreciate his efforts on our behalf. I must say, however, that I am a little concerned about his level of intensity this year as he has just come back from his first vacation in 10 years.

I would like to ask you, Paul, does this mean that you are suffering from burnout or is it just a form of comp time to offset the 5 percent pay cut in your pay?

Do you want to respond to that?

Mr. DUBE. It is not burnout.

Mr. DANIEL. I will withdraw the question.

Before I call on Mr. Whitehurst for his remarks I would like to express a few concerns about the current 5-year Defense plan.

As the attached chart shows, O&M continues its decline as a share of the Defense budget through fiscal year 1990.

Between fiscal year 1980 and fiscal year 1990, O&M's share of the Defense budget drops from 32.5 percent to a projected 25.7 percent. During the same period procurement and RDT&E's share of the defense budget rises from 33.3 percent to a projected 48.6 percent.

I must say that I have difficulty squaring these projections with the reality that nearly all the O&M workload indicators continue to increase over that time.

The O&M budget will have to support more active and reserve military personnel, pay more direct-hire and contract civilians.

It will have to support and maintain more and larger military installations and activities.

Hopefully, it will sustain the improvements in readiness over the past 4 years and provide adequate and realistic training, and if enough is left over it will be able to continue to improve the quality of life for our military personnel and their families.

I might interject that Mr. Dellums, who is chairman of the Subcommittee on Military Installations, has just completed a tour of some of the bases and he came back very concerned, Mr. Dube, about family housing and some of the other creature comfort items.

At the same time, the O&M budget is being called upon to handle these traditional responsibilities, it is assuming new ones that have resided in other accounts. There are always good reasons for these changes, but the fact remains that the cumulative additional funding over the past 5 years is $6 billion. The hard reality is that the legislative budget process tends to view these transactions not as transfers, but as O&M real growth.

As a result, we find ourselves in a situation of being in a boat with water to the gunwales and every new passenger that comes on board involves the prospect of throwing a couple of women and children overboard. Thus we must view prospective funding migrations very carefully with an eye on traditional priorities.

In my opinion the fact that Department of Defense O&M requests have fared as well as they have over the past 5 years is less a function of careful budgeting and foresight than the existence of extraordinary and uncharacteristic windfall savings from lower than projected fuel costs and the strength of the dollar overseas.

If these savings had not been available I fear that much of the improvement we have seen in O&M programs would not have occurred.

I do not know when the day of reckoning is going to come, but we cannot continue to rely on last minute windfall savings to cushion downward pressure on the O&M budget.

Each time we have raised these concerns in the past we have been assured this imbalance is only apparent and if O&M requires more funding, the 5-year plan will be changed accordingly. But I have been around here long enough to know that 5-year Defense plan funding is all tied to some future requirements and the ground rules favor retention of those funds by program sponsors in future budget reviews.

I have also been around here long enough to recognize that the political imperative for deficit reduction is no passing fancy and will continue to exert strong downward pressure on the Defense request. In such an environment it seems inevitable that increasing attention will be focused on outlay rich accounts like O&M for immediate reductions in the deficit. Especially if 42 percent of the Defense outlays stem from prior year commitments over which we have little control.

In sum, I have serious doubts that O&M is adequately funded over the current 5-year program. And I remain skeptical of DOD's flexibility to fix the problem if deficit reduction efforts continue to exert strong downward pressure on the Defense budget.

I look forward to Mr. Dube's testimony and hope he can address these concerns. Paul, I want to ask you again to tell us it ain't so.

Before you do, though, I want to ask Mr. Whitehurst if he has anything to say.

You know, our concern in the very beginning was the imbalance in the O&M account vis-a-vis the procurement or investment account.

It just seems to me that we are not addressing that issue and I hope that we can do so.

Mr. Whitehurst, we need to hear from you.

Mr. WHITEHURST. Thank you, Mr. Chairman. I do have a statement to make.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, READINESS SUBCOMMITTEE

Today the Readiness Subcommittee marks the first in a series of hearings in the 99th Congress. During our subcommittee's organizational meeting yesterday we received a staff briefing on the administration's fiscal year 1986 operation and maintenance budget request.

I know the chairman and I speak for all our colleagues when we emphasize that at no time since this subcommittee was created in

1981 has the proper funding and support for all the myriad areas of operation and maintenance been more important to our national security.

Many of the vital weapon systems authorized in the last 4 years are beginning to come on line and many more will join our forces in the coming fiscal year.

Much of the progress made across a wide variety of programs has only now begun to demonstrate itself.

Those weapon systems and that progress have led to the highest state of defense readiness in over a decade. And I am confident that our level of readiness can become even better.

However, I must tell you that while my gut feeling allows me to be confident about our readiness, that same gut feeling contains an element of skepticism.

My skepticism concerns our ability to absorb new programs, adequately maintain increasing numbers of new weapon systems, and properly support the growing number of personnel in our forces with an operation and maintenance account which is a smaller and smaller percent of the overall Defense budget.

As I stated earlier, proper funding and support for operation and maintenance is of paramount importance. We now have the best trained, best equipped, best supported, and brightest young men and women in our military forces today than we have ever had.

The operation and maintenance account that this subcommittee has the responsibility to review and oversee is the life blood of those forces.

The decisions we will make regarding the priorities of funding and support for operation and maintenance will be difficult, not only in and of themselves, but will be made even more difficult because of the budget pressures facing us today.

Just as I am confident that our level of readiness can become even better, I am equally confident that this can be done without decisions or actions that undermine the vital funding and support the operation and maintenance account requires.

What I want, what I think every member of this subcommittee wants, is a thorough understanding of the Department of Defense's plan regarding operation and maintenance. Because only an understanding of that plan can eliminate our skepticism and allow us to make the necessary decisions.

I know our witnesses recognize this important challenge and will provide us the information and assistance we need to make our decision.

Mr. Chairman, I join you in welcoming Mr. Dube, who has always been an impressive witness before this subcommittee and I know he shares our concerns and will labor shoulder to shoulder.

Thank you very much.

Mr. DANIEL. Thank you very much.

Let me ask if General Saxer will require an executive session?

General SAXER. I don't believe so, Mr. Chairman.

Mr. DANIEL. Mr. Dube, please proceed as you desire.

STATEMENT OF PAUL DUBE, DIRECTOR FOR OPERATIONS, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER), DEPARTMENT OF DEFENSE

Mr. DUBE. I would introduce first General Saxer from the Defense Nuclear Agency who will be talking about his agency; and Mr. John Dexter of the Office of Assistant Secretary of Defense (Health Affairs), who will be discussing the medical programs that are funded in Operations and Maintenance Defense Agencies.

Mr. DANIEL. We are pleased to have all you gentlemen with us.

Mr. DUBE. We started, when we came last year to give an overview of the O&M agencies tendency to bring in two or three agencies to give you a better feel for individual agency responsibilities and missions than I think I am able to myself. I would like to continue that.

Mr. DANIEL. We think it is a good approach.

Mr. DUBE. What I have in mind is to try to break this into essentially three pieces. I would like to discuss some of the general assumptions used in formulating the total O&M budget, and since this is the subcommittee's first hearing and will be followed by individual services hearings, there will be a recurring reference to a number of these assumptions. I think it would be a good idea if we firmly implanted these assumptions.

I then would like to go into a brief overview for you of the O&M Defense Agencies request followed by my turning things over to General Saxer and Mr. Dexter to discuss their specific programs.

If I could start, though, by addressing the comments you made, Mr. Chairman, at the opening, and those of Mr. Whitehurst. I always have a little difficulty in dealing with the question of the balance between O&M and the procurement or investment accounts because my responsibilities and the work that I do extend only to the O&M account and I don't have detailed information about how solid, how hard, how necessary the various research and procurement programs are. Therefore I don't feel that I can really talk to that balance very well because I know only half the equation.

What I do do is look at it from the standpoint, not of the difference between these two categories, but of what the trends are, what growth is there, and how best do we go about ensuring sufficient O&M funding in putting the budgets together given the competition for resources.

I would be the first to admit to a lack of detailed accuracy when we are putting together a 5-year O&M plan given the nature of the O&M accounts, where costs are managed for the most part out in the field and represent support of numerous systems and activities involving spending decisions by thousands of people. It is even made difficult to take those numbers 4 and 5 years out and feel absolutely confident in their accuracy. I wouldn't begin to say that those fiscal year 1989 or 1990 figures are absolutes, but I do look at the trends, and they seem to be in the right direction. I can't specifically comment on why the O&M trend line isn't as steep as procurement. I can only relate to it on a relative basis given the job that needs to be done as we perceive it.

A normalized percentage of the Defense budget is not going to be terribly effective in determining what is the specific amount of O&M money that is required. I doubt we will ever reach the point where there are no requirements unfinanced anywhere in the O&M accounts.

I don't think we are there in procurement or R&D either, but as we do our work reviewing the service budgets we apply the various tests of reasonableness and we think we have a roughly appropriate balance between the accounts, or I should say not so much between the accounts as between what needs to be done and what the budget provides for getting done.

I would want to point out again, that as we look at investment versus expense that line of procurement contains many costs which are of the same category as those in O&M. They provide support to the forces, they are not buying more and newer weapon systems, they are buying the support for weapons systems.

For example, ammunition is in the procurement line, as are most spare parts, as you know. Actually some are in both, but secondary items and so forth are in the procurement line.

So there is a great deal in the procurement line which is entirely supportive of readiness and taking care of the force and the quality of life in the working and living environment. Also military construction is not in O&M. So on a percentage basis I think we have to look at the composition of the numbers, I therefore stress again that some of the seeming imbalance is more apparent than real.

In the last several years I have detected in the Pentagon among my leadership a high degree of sensitivity to O&M requirements with the desire of ensuring that the level of financing is adequate to get the job done. I think we have reached that position.

While I wouldn't dismiss entirely the risks that cause you concern, I think I am perhaps a bit more confident that we will come to the right funding levels in O&M for the foreseeable future.

Mr. DANIEL. Will the gentleman yield to Dr. West?

Mr. DUBE. Yes.

Dr. WEST. Why don't you provide for us a breakout from the investment accounts or that proportion which you are talking about and we can see what the growth in those accounts is vis-a-vis the major systems.

Mr. DUBE. We have not yet updated that with the information we did last year but the relationships are different.

If you separate the procurement costs that are really support and pull them down into the support line, there is still not a precise sameness, but the imbalance is nowhere near as large.

I would be happy to do that. I think that would be useful for the subcommittee to see.

Mr. DANIEL. Very good.

[The following information was received for the record:]

INVESTMENT SUPPORT COSTS

The following table displays in constant FY 1986 dollars the level of real growth realized and programmed FY 1982 through FY 1988 using FY 1981 as the base year. The modernization funds which represent investment in new and modernized weapon systems are compared to overall support resources. The support category is comprised of the support portions of the procurement accounts as well as operation and maintenance and stock funds.

The modernization category is defined as procurement of major new weapon systems or additional procurement of existing systems. This includes major end items such as aircraft, ships, missiles, combat vehicles and initial spares and repair parts. The procurement support category includes resources for modification of existing equipment, service life extension programs, ammunition, support vehicles, and replenishment spares.

As displayed in the table, a significant share of the rate of growth for the period FY 1981–1988 has been allocated to the overall support category. The major share of that growth takes place in the late 1980's as follow on support of modernization initiatives programmed in the early 1980's. In comparing growth for the two categories (modernization/support) for FY 1985–1988 it should be noted that growth for support programs increases 31.9% while modernization increases 18.5%. The higher percentage in the support category is reflective of growth programmed in the weapon systems modernization category during FY 1981–FY 1985 of 61.7%.

FISCAL YEAR 1986 PRESIDENT'S BUDGET CONSTANT FISCAL YEAR 1986 DOLLARS

[In billions of dollars]

Fiscal year	Modernization	Support			
	Procurement costs	Total support costs	Procurement costs	Stock fund	O&M costs
1981	41.5	84.8	21.2	.7	62.9
1982	51.9	94.9	26.4	.4	68.1
1983	67.2	97.4	25.1	1.1	71.2
1984	65.2	106.7	29.8	2.9	74.0
1985	67.1	115.6	34.5	1.6	79.5
1986	71.1	120.1	35.7	1.9	82.5
1987	72.6	137.0	44.4	2.2	90.4
1988	79.5	152.5	49.8	2.6	100.1

It should also be noted that when evaluating the relationship between investment and support funds there are certain points which should be considered. Namely that support funds are phased in over several years which is reflective of varying equipment delivery dates to the operating commands. Also, operating resources may not always be additive where a new systems is replacing an older more costly system and that not all activities or functions provided for in the O&M accounts are weapon system sensitive. Some changes in forces or systems can occur with a relatively small impact on support resource requirements.

Mr. DUBE. If I may, I want to apologize for the lateness of getting my statement over and to some extent my vacation that you alluded to has caused a couple days' delay in the O&M overview.

We provided a copy to the staff today which is xeroxed, not printed, and the printed over view should be over next week.

There is a degree to which my vacation had an impact on that.

Mr. DANIEL. I understand the circumstances. You are excused.

Mr. DUBE. I have to be honest. Given the choice again I think I would proceed in exactly the same manner.

I think it is important now that I try to discuss with you a number of things about the way the O&M budget is put together this year because there are a number of complications and a number of changes that cause numbers not to be exactly what they seem to be.

I would like to run down some of the more significant ones as this will be a recurring theme as you talk to the services because all the accounts are built that way.

CIVILIAN PAY ASSUMPTION

First of all let me talk about the civilian pay assumption. For the first time we have incorporated the budget year pay assumptions in the various appropriation estimates as we give them to you.

Normally we put that aside in a contingency that is part of the Defense budget, but not the individual account numbers. This year at OMB's request or insistence we reflect them individually.

There is a 5-percent pay reduction for U.S. civilians and an 8 percent increase for foreign nationals.

I have the specific numbers I can provide for the committee in terms of the value of the pay assumptions in the various accounts.

Mr. DANIEL. Would you also provide for the record what happens to the O&M budget in the event the Congress does not elect to go along with that recommendation?

Mr. DUBE. For the record, or do you want me to respond?

Mr. DANIEL. You can address it now if you prefer.

Mr. DUBE. One, we would prefer, or hope, if the Congress doesn't approve that assumption that the funds required to finance it would be authorized and appropriated.

In the absence of that—this is one of the reasons why we were not comfortable with reflecting them in the accounts—roughly 1 billion dollars' worth of costs are going to have to be absorbed, the bulk of which is in O&M, over $900 million.

We can't tell you exactly how we would do it but that would undoubtedly trigger a massive round of reprogramming requests, I would guess substantial parts of which would come from outside the title.

I am not in a position to say for sure, however, how we would do that.

We would hope if that assumption is not approved by the Congress that the accounts would be adjusted in markup appropriately.

MILITARY PAY RAISE

Mr. KASICH. I wonder if you could give us an idea of what the impact would be for fiscal year 1986, if we did not grant the military pay raise that is scheduled in June or July of the 4 percent. Is it 4 percent? It would figure out to be 7 percent this year.

Mr. DUBE. Three percent, July 1, 1985.

Mr. KASICH. What would that impact be on the fiscal year 1986 budget if we took that 3 percent raise away and left the military increase at 4 for fiscal year 1985? How would that affect your accounts?

Mr. DUBE. It doesn't affect the O&M account.

Mr. KASICH. Not at all?

Mr. DUBE. Not at all. That is all in a separate title. I can provide you just as a matter of interest what that dollar value is.

Mr. KASICH. That would be helpful to see that.

Mr. DUBE. I think it is on the order of $2 billion, but I don't trust my number. It is available. I can get it for you. I will pass it to Dr. West who can give it to you and I will be sure it is in the record.

[The following information was received for the record:]

MILITARY PAY RAISE FOR FY 1986

The proposed 3 percent military pay raise, to be effective July 1, 1985, will cost $1,887.5 million in FY 1986.

EFFECT OF INFLATION ON THE BUDGET

Mr. DUBE. Now, with respect to inflation, the budget assumes an inflation rate of 4.3 percent; that is the administration's economic assumptions with respect to the GNP deflator.

I just want to stress that there are a lot of places throughout the budget where you see a rate different than 4.3 percent. We use 4.3 essentially wherever we don't have a more precise figure.

We know that there will be an effect of inflation but there are a number of other things, such as stock funds, industrial funds, and certain rates established irrespective of inflation.

An example is the civilian disability payments. We have in hand the bill from the Department of Labor that will be due and payable in fiscal year 1986.

We budget for that and it is not necessarily a 4.3 percent rate because that is money that is aleady paid out.

In the medical programs we don't use that 4.3 percent because history has told us that the cost of medical inflation has been appreciably above the GNP deflator. So we use 4.3 percent wherever we don't have a solid basis for using something else.

Fuel is budgeted at $34.2 a barrel in the O&M accounts to pay the stock fund.

It gets confusing when we talk about fuel numbers because the O&M appropriations that you will be authorizing buy their fuel from the stock fund, not from outside producers, in addition, the rates we have in the budget are slightly different than the estimates in the stock fund.

The reason for that is our system of refunds and assumptions related to paying back prior year profits.

Based on the latest actuals for fiscal year 1985 at the time we put the budget together, additional cash was being generated in the stock fund related to fuel.

As a result, the O&M cost to buy fuel from the stock funds is going to be slightly less than what the stock funds think they are going to have to pay for fuel in fiscal year 1986. That is because when all of the dust was cleared with respect to 1985 and as actual experience came in, we found that the rates that had been set in the appropriations were still not quite as low as actual experience and cash is being generated in stock funds in 1985 that will be paid back to the O&M customers in the form of lower prices in fiscal year 1986.

The assumption in the stock funds is that fuel prices will continue to decline.

There is a small decrease in the cost of fuel from fiscal year 1985 levels reflecting the stock fund estimates, and our estimates are priced accordingly.

EFFECT OF FOREIGN CURRENCY

Foreign currency is another area that has created volatility in our estimates.

Normally we put the budget together by checking the foreign currency rates that are in effect at the time we are putting our budget together. We didn't do that this year. This year we decided to price the fiscal year 1986 budget based on the same foreign currency rates that we proposed and reflected in the May revision we submitted last year.

You recall we proposed a reduction of a half billion dollars in O&M in fiscal year 1985 last May based on anticipated improvements in the currency rates.

At the time we put our fiscal year 1986 budget together the rates were not quite that favorable, but the trend line was up so we decided to stay with those fiscal year 1985 rates through 1986 and as of now it looks like that is a fairly good estimate until and unless something happens to turn the whole thing around.

Mr. MARTIN. Could you describe where that has a difference? Are you talking about what you can buy on the economy in various areas?

Mr. DUBE. Yes, that is the case. Wherever we have overseas forces, there are various goods and services that we buy in the foreign country as opposed to shipping them over there. Whenever we do this, we have to pay for it in the currency of that country and so the value of the dollar very much affects how much program we can buy with a given dollar level.

Mr. MARTIN. You say in your estimates, it is positive news if there is any positive news about the price of the dollar vis-a-vis the Deutschmark or whatever?

Mr. DUBE. That's right.

Mr. MARTIN. So this helps?

Mr. DUBE. Yes. This is good news, but I have to mention that when you look at what has——

Mr. MARTIN. Probably good news for you; every place else it doesn't fit.

Mr. DUBE. It is nice for a while, yes, it is good news.

However, the volatility of these numbers is such that the way it looks at the end of February may be very, very different than how it looks in May or June.

We have been tracking virtually weekly, the effect of currency rates on the O&M budget and it is amazing the magnitude of the swings that can occur over 3 or 4 months.

It has gone in both directions and right now it looks good. I don't anticipate a problem.

You should understand, too, that should the dollar weaken significantly that won't necessarily mean that O&M will experience program shortfalls because of the existence of the foreign currency fluctuation fund which is available only to cover losses as a result of changer in foreign currency values. There is currently about $968 million in that fund, so I can accommodate negative dollar currency fluctuation, if you will, up to about $968 million before we start hurting O&M programs.

So there is some protection there that is extremely valuable to the program.

Mr. DANIEL. Mr. Darden.

Mr. DARDEN. Mr. Dube, I see you are providing a request for pay decrease of 5 percent for U.S. civilians and an increase of 8 percent for foreign nationals. How do you justify that?

First of all, in view of the fact that the dollar is so strong abroad and it appears that this would almost be a windfall for the foreign nationals, at the same time what do you think the overall effect of the 5-percent decrease for the U.S. civilians is going to do?

Mr. DUBE. Let me try to break it into two pieces.

I don't believe that the foreign currency exchange rate has anything to do with the pay the foreign national receives when paid in his currency.

The fact that the dollar gets stronger doesn't affect the foreign national worker. He is being paid in his currency and the estimates are based on that.

Now, there is a degree to which those payments become part of the base that we adjust for foreign currency and I have to take it in those two steps.

I don't think the currency rate impacts the individuals, per se. He doesn't get the value of the strength of the dollar; in fact, almost the opposite happens in terms of what happens in his country if their currency value is weakening which may indicate higher domestic inflation.

If you are asking why do you have a pay cut for U.S. civilians and increase for foreign nationals—I am not sure I can answer with certainty because these are assumptions that OMB passed out to us that are made Governmentwide. They are not Defense assumptions. But I can guess at it.

The logic associated with the civilian pay cut runs around the quit rate question and so forth and one couldn't necessarily apply that basis to the foreign national pay questions. I think there are also some other considerations related to the political and international difficulties associated with a pay cut among foreign nationals and some greater difficulty in terms of getting understanding of the reasoning for that. So the decision was made not to apply that pay cut to foreign nationals.

Mr. DANIEL. Is there anything in the status of forces treaty that would require additional pay for foreign nationals?

STATUS OF FORCES AGREEMENT EFFECT ON PAY

Mr. DUBE. I can't say for sure that the pay increases are absolutely required by the status of forces agreements, but in our discussions on this, the point was made that it would be a major problem in terms of the understandings that people have whether or not terms are spelled out to the letter of the status of forces agreement.

We would have had some international problems associated with it and it was decided it wouldn't make sense to try to do that.

Mr. DARDEN. Don't you think this is going to have a disastrous effect on the morale and performance of the civilian DOD employee?

Mr. DUBE. It seems to me fairly clear that there will be some negative impact. I cannot say whether it would be disastrous or not.

It certainly can't have any positive impact related to morale or productivity, but the depth and degree of the negative aspect I am just not sure I know how to comment on.

Mr. DARDEN. Were alternative proposals considered to perhaps reduce the force by attrition, maybe the actual numbers, rather than cutting the pay?

Mr. DUBE. Again the problem with that is if somebody, as the administration has, makes the assumption that pay rates are higher than they need be in order to attract the kind and numbers of people needed, then the proposal is made on that basis; if we turn around and say we want to achieve the savings by cutting the size of the work force, it was to be borne in mind that we can't cut the size of the work force without cutting in one way or another the work that gets done.

If in fact we need manpower at a given level in order to accomplish the job; that is, to get the things repaired, get the bases taken care of, et cetera, it really isn't an effective way to achieve those savings by cutting manpower.

Now, if the savings are to be made some way other than cutting pay; programs are going to be impacted one way or another, and it isn't necessarily the best, most effective way to achieve savings by cutting out the people that do that job.

We shouldn't necessarily relate one to the other in my view.

Mr. DARDEN. At what point do you anticipate would be the depths of the reduction by 5 percent?

Mr. DUBE. $1.1 billion.

Mr. DARDEN. What if the same cut had been imposed for the military personnel as well; what would that bring in?

Mr. DUBE. I would have to get you those numbers. It is a somewhat bigger number because there are more of them. But if there were a 5-percent pay cut for military—is that what you are saying?

Mr. DARDEN. Right.

Mr. DUBE. It would be a substantially bigger number, but I don't have it with me. I can get that.

Mr. DARDEN. I would appreciate that, Mr. Chairman.

[The following information was received for the record:]

IMPACT OF A 5-PERCENT MILITARY PAY REDUCTION IN FISCAL YEAR 1986

If the proposed 3 percent military pay raise is not approved, a 5-percent reduction in military pay, effective January 1, 1986, would save $2,365 million in FY 1986.

If the proposed 3 percent military pay raise is approved with an effective date of July 1, 1985, and funds are appropriated, a subsequent 5-percent reduction in military pay effective January 1, 1986 would save $2,426 million in FY 1986.

Mr. DANIEL. Please proceed.

Mr. DUBE. Throughout the O&M accounts you have items that are purchased from either the stock funds or the industrial funds and there is a wide range of rates associated with those. The individual industrial fund and stock fund activity groups and commodity rates are set individually so you will see a wide range of different rates for various things.

For the most part the rates are down. Roughly in total, there is about a 2-percent decrease in the cost of the goods and services we buy from the industrial funds, and somewhere in the order of 10 to 12 percent in the stock funds.

These price reductions reflect a couple of things, the payback of profits from prior years where prices were overstated and the lower than anticipated costs in some areas than we had budgeted last year.

So essentially the good news here is that the things we buy from the stock funds and the things that we buy from the industrial funds will not cost more; they will actualiy cost somewhat less in 1986.

So that leaves a little more room in that total number for program growth. That is a good sign.

Another thing that might be a little confusing is the fiscal year 1986 budget reflects the first full year of the initiative started last year to change the way we finance Navy's aviation depot repairables. That has the effect of migrating costs so that instead of buying in procurement and issuing to the customer free, we will buy them from the stock fund and charge the customer.

One would expect the full year effect would increase the 1986 budget but because the situation exists where there are many items already bought and on contract from the procurement accounts prior to the time we make the switch, as those items are delivered—and, of course, there is a lead time on that—as those items are delivered, O&M customers would be paying the stock fund for items which the stock fund didn't have to procure. Therefore, the stock fund will issue credits to preclude major windfalls in the stock fund.

So the fact that those credits are going to be large in fiscal year 1986 results in a savings to the O&M title of about $429 million in 1986.

Now, that is not a permanent thing and next year that credit will disappear with a return to normal billings.

But for 1986 there is that reduction in cost.

I want to point out that the environmental restoration program throughout the accounts will show up as a program increase in the various service accounts.

In fiscal year 1984 and fiscal year 1985 Congress appropriated funds in a single appropriation. We are asking that this year they appropriate that money in the individual service accounts where the responsibility lies. As a result each of the individual O&M accounts will have an apparent increase that is offset by a decrease down to zero in the environmental restoration fiscal year 1986.

In total we are going from $314 million in 1984 to—sorry, in fiscal year 1985, to $329 million in 1986, roughly a level program.

Of the $329 million total, $310 million is financed in the O&M accounts.

Finally one significant assumption throughout the estimates relates to our proposal to revise the criteria for determining whether or not an item is an expense item or an investment item.

Commanders out in the field have experienced a lot of problems with our current budgeting system, which says if an item is in excess of $3,000, roughly, the procurement account should finance that item and not O&M.

Mr. DANIEL. Would you yield to Mr. Whitehurst for a moment?

Mr. WHITEHURST. Mr. Chairman, I move that the chairman be authorized to close the hearing for today and 5 consecutive days of

hearings for the purpose of receiving classified national defense information.

Mr. DANIEL. The Clerk will call the roll.
Dr. WEST. Mr. Daniel.
Mr. DANIEL. Aye.
Dr. WEST. Mr. Whitehurst.
Mr. WHITEHURST. Aye.
Dr. WEST. Mr. Hutto.
Mr. HUTTO. Aye.
Dr. WEST. Mr. Spence.
Mr. SPENCE. Aye.
Dr. WEST. Mr. Leath.
Mr. Kasich.
Mr. KASICH. Yes.
Dr. WEST. Mr. Foglietta.
Mr. Martin.
Mr. MARTIN. Aye.
Dr. WEST. Mr. Hertel.
Mr. Sweeney.
Mr. Ray.
Mr. Darden.
Mr. DARDEN. Yes.
Dr. WEST. Mr. Nichols.
Mr. Chairman, seven vote affirmative.
Mr. DANIEL. A quorum being present, the motion is agreed to.
Please, Mr. Dube.

PROBLEMS DUE TO BUDGETING SYSTEM

Mr. DUBE. In response to the problems that have existed as a result of the effect the budgeting system has on the field, we are proposing to change the way we decide what is in the procurement versus the O&M accounts to align the funding responsibility with that of the decision responsibility. That is, those items which are centrally managed we propose to finance in the procurement accounts, and those items that are locally managed and not subject to central decision-making, we propose to finance in the O&M accounts to place the resources in the hands of the local commander who has the authority to make that decision. That has the effect of moving some $530 million from the procurement accounts into O&M.

While I understand the chairman's concern related to fund migrations and so forth, we think that this is a positive step that will be extremely well-received out in the field as it removes one of the impediments that our financial system imposes on the commander in the field. We strongly urge the committee's support.

What I would like to do now is quickly move into a brief overview of O&M's Defense agencies and then turn the proceedings over to my colleagues at the table.

DEFENSE AGENCIES

Every year when I come before you, I try to express the concern and, to some extent, the frustration I have with trying to articulate O&M Defense Agencies. They are such a wide variety of different

kinds of activities financed in that area that it is hard to articulate. I also have to continue to deal with the perception that O& M Defense Agencies is essentially an overhead account that doesn't really have much to do with getting the real job done. Nothing could be further from the truth. There are tremendously important programs in this area and programs tremendously important to the services. We try to aggregate the programs into several categories to make it more meaningful.

I would run quickly through them. Intelligence and communications, about which I don't plan to talk because of classification problems, is roughly 28 percent of the funds in O&M Defense Agencies. It includes the Defense Communications Agency, National Security Agency, and the Defense Intelligence Agency; 28 percent of the total program and 44 percent of the growth in O&M Defense Agencies is in that area.

The category that I have labeled readiness contains about a third of the program and about 37 percent of the growth. That category contains the Defense Mapping Agency, the Defense Logistics Agency, and the JCS Exercise Program and the JCS Special Fund we requested last year.

Even those percentages of growth are a little misleading; for example, there is actual negative program growth in the Defense Mapping Agency O&M account. This is based on their decision to put their resources on their modernization program with significant increases in their research and procurement accounts. This decrease in O&M is part of their total funding and reflects the desire to get on with modernization of the DMA Program.

DLA reflects an $81 million real growth increase of which roughly half is not really real growth out the environmental restoration account showing up in their account when it wasn't there in 1984. So roughly half of their growth is a transfer and the remainder is related to workload and to the putting of people on the programs necessary to implement the spare parts acquisition initiatives and to try to buy the spares more effectively and cheaply.

The JCS Exercise Program is roughly level. There is a small increase but the bulk of the increase is for the special fund of $50 million, which doesn't exist in fiscal year 1985.

In addition to readiness, there are a number of important programs supporting military people. Mr. Dexter will talk about several of them.

In this category here we have the American Forces Information Service and the DOD Dependent Schools Program.

I don't think I have to spend too much time talking about how important the dependent school system is to our military people.

Finally, Mr. Chairman, less than 10 percent of the request is in the area of audit and investigation and DOD-wide management. We have—we are continuing in fiscal year 1986 efforts to beef up the audit and investigations functions. We have provided support to the inspector general and Defense Contract Audit Agency, and I would like to point out we will be coming forward with reprogramming in fiscal year 1985 to move money into those areas to continue in fiscal year 1985 that effort. The fiscal year 1986 budget reflects further continuation.

In the defense management and support area, of course you have OSD and JCS. I would like to point out in OSD about two-thirds of the increase is in the Joint Recruiting Advertising Program, not really something you associate with the Office of the Secretary of Defense, but that is where we finance that joint advertising program which again is critical to the services in terms of the recruiting effort.

The bottom line of my overview of O&M Defense Agencies is I would like to suggest to you that O&M Defense Agencies is not a particularly good place to cut because of the programs that support the services and our military people.

With that, I would like now to turn to my colleagues who can give you a slightly more detailed presentation of their respective programs.

PREPARED STATEMENT OF PAUL DUBE

Mr. Chairman and members of the Committee, I appreciate this opportunity to appear before you to discuss a number of areas associated with the FY 1986 Operation and Maintenance budget.

With me at the table are Mr. John Dexter of the Office of the Assistant Secretary of Defense (Health Affairs) and Lieutenant General Richard K. Saxer, the Director of the Defense Nuclear Agency.

I would like to begin by outlining for you a few of the significant assumptions which are reflected throughout the O&M title, provide you with a brief overview of the Defensewide O&M accounts and then turn to Mr. Dexter and General Saxer, who will discuss the FY 1986 request for O&M, Defense Agencies medical programs and the Defense Nuclear Agency.

As the Committee considers the FY 1986 request, it will be important for you to recognize and understand a number of different pricing and related assumptions upon which the O&M budget was built. I would like to take this opportunity to discuss some of the more important ones with you today.

As a departure from the normal budgeting practice, the civilian pay assumption for FY 1986 is reflected in the individual appropriation amounts in the authorization request. The various accounts reflect a pay decrease of 5 percent for U.S. civilian and an increase of 8 percent for foreign nationals.

The O&M budgets assume an inflation rate of 4.3% in FY 1986. We use this rate whenever we do not have specifically established rates, as we do for industrial and stock fund purchases, fuel, GSA leases, etc. In selected instances, such as the medical programs, overseas base support contracts and certain others, we use different rates based on historical experience.

Fuel purchases from the stock funds are priced at $34.02 per barrel. This compares to the standard price of $39.48 per barrel in FY 1985. When the FY 1985 refunds directed by the Congress are considered, the effective price per barrel in FY 1985 is $32.62.

We have departed slightly from our normal practice of pricing the budget based on foreign currency rates in effect at the time we are completing our budget formulation. Rather than introduce a new and different set of currency rates, we have priced the FY 1986 budget at the same rates we used in the May revision last year and upon which the FY 1985 authorization and appropriation was based.

Purchases from industrial funds and stock funds are at the individual rates set for each activity and commodity group in the respective stock and industrial fund budgets. These rates vary widely depending on the individual circumstances of the separate activity and commodity groups.

The FY 1986 request for the Navy reflects the full year effect of the change in funding policy, effective April 1, 1985, for aviation depot level repairables (AVDLR's). Because of the effect of stock fund credits related to the value of items capitalized into the stock fund but bought with procurement funds prior to April, 1985, the impact of a full year under the revised policy is a net decrease of about $350 million in the O&M, Navy and O&M, Navy Reserve, accounts.

The Environmental Restoration Program, funded in a separate appropriation in FY 1984 and FY 1985, is financed in the various appropriate Service accounts in FY 1986. The FY 1986 budget includes a total of $329 million for this program, of which

$309 million is in the O&M title. The total funding of $329 million compares to $314 million appropriated for FY 1985.

Finally, I would like to call your attention to a change we are proposing in the way we determine funding responsibility between the procurement and O&M accounts for equipment purchases. Under current policy, criteria for determining whether purchase of a given item is an investment or an expense is based on a combination of unit price, end use and central management. The unit price criterion of $3,000 has created problems in the field due to uncertainty concerning price in budget preparation and difficulty in responding to local needs through the more centralized procurement funding process. As a practical matter, we believe funding responsibility should rest at the level at which the requirement determination and buy decision is made. Accordingly, we are proposing to revise our current criteria to provide that items which are centrally managed will be purchased in the procurement accounts, while those that are not centrally managed will be purchased with O&M funds available to the local commander. The FY 1986 O&M request includes an additional $530 million to reflect this proposed change, and a corresponding decrease is reflected in the procurement accounts. We urge the Committee's support for this change, which we believe will be a significant step forward in providing local commanders with the resources and tools they need to meet their assigned missions.

I would like to turn now to a brief overview of the Defensewide O&M accounts.

The Claims, Defense FY 1986 estimate increases by $11.8 million over FY 1985. Price growth accounts for $6.3 million of the increase. The $5.5 million in program growth reflects anticipated increases in the number of claims based on historical trends. Claims, Defense is a largely uncontrollable appropriation. Claims are filed as a result of acts of nature or accident. Accordingly, they cannot be programmed in advance nor controlled from year to year. The claims are adjudicated by properly constituted review authorities, and, to the extent they are determined payable under existing statutes, they must be paid.

There are 20 Defense Agencies included within the Operation and Maintenance, Defense Agencies account that provide essential support to the mission accomplishment of the Services. The Agencies have been formed to perform activities that cut across Service lines and that are more efficiently and economcially accomplished by a single organization.

To assist in understanding the diverse programs represented by these far ranging activities, we have divided them into five broad categories: Readiness, Intelligence and Communications, Audit and Investigative Activities, Defense Management Support and Military Personnel Support. The attachment to my statement shows the Agencies grouped under each category along with the price and program growth associated with each Agency and category. FY 1986 increases by $386.3 million over FY 1985 consisting of $77.0 million or 1.1% for price growth and $309.3 million or 4.3% for program growth. The 1.1% growth increase reflects an inflation rate increase of 4.3%, a 5% pay reduction for civilian personnel, and a decrease in FY 1986 industrial rates for airlift services.

The Intelligence and Communications category, which is comprised of the Nationalf Security Agency, the Defense Intelligence Agency and the Defense Communications Agency, accounts for approximately 28% of the total program for FY 1986 and approximately 44% of the program growth. To avoid problems of security classification, I do not plan to discuss this area further today.

The other major area of program expansion occurs in the Readiness category which has program growth of $114 million or approximately 37% of the total growth for the Defense Agencies. The Defense Logistics Agency has program growth of $80.8 million, of which $42.4 million supports the Environmental Restoration Program which was funded by separate appropriation in FY 1984 and FY 1985. The remaining $38.4 million primarily supports workload growth associated with management initiatives to improve the acquisition of spare parts. The $54 million program increase for JCS consists of $4 million for the Exercise Program primarily resulting from the two-year cycle for certain exercises, and $50 million for the JCS Special Fund being requested to provide for unforeseen readiness related requirements caused by unplanned events. Offsetting these increases, the Defense Mapping Agency experiences negative program changes of $20 million in FY 1986 associated primarily with reduced contractual effort and rental cost savings associated with earlier buy-out of computer systems.

The Defense Management Support category has program growth of $35 million or 11.4% of the total program growth. The Office of the Secretary of Defense increases $15 million primarily to support the Joint Recruiting Advertising Program. The Washington Headquarters Services has program growth of $13 million primarily to

support office automation and networking requirements. JCS Management Headquarters has program growth of $12 million needed to support computer automation upgrade to improve the CINC's warfighting capabilit; The $4.6 million program reduction for the Defense Nuclear Agency reflects the conduct of the biannual nuclear accident exercise in FY 1985 and the buy-out of word processing and ADP equipment.

Program growth for the Audit and Investigative Activities is $25 million or 8.1% of total program growth. The Defense Investigative Service increase of $8 million is needed to maintain the backlog of cases for the Personnel Security Investigative Program and the Industrial Security Program at manageable levels by increasing the investigative workforce. The increases of $13 million and $4 million, respectively, for the Defense Contract Audit Agency and the Office of the Inspector General are needed to support additional personnel required to achieve greater savings in the areas of fraud, waste and abuse. The additional personnel will provide the manpower needed to meet the additional audit workload related to higher DoD Procurement and RDT&E appropriation levels, support the lowering of the audit threshold below $500 thousand, allow for more detailed defective pricing reviews and provide for more criminal investigations of crimes committed against the Department of Defense. Because of the increased importance placed on ferreting out fraud, waste and abuse, the FY 1985 column includes a reprograming request of $23 million to fully support the efforts of the Defense Contract Audit Agency and the Office of Inspector General. Because these requirements are time sensitive and related to hiring actions, we hope the committees will take early action on the reprograming request.

The final category, Military Personnel Support, has net program of only $300 thousand. However, included within this total are program increases of $17 million for the Office of Dependents Education (ODE) to support increased student enrollment, enhanced educational programs and school system management, and a $12 million increase for the Medical Information Systems, primarily to support implementation of the Composite Health Care System. Offsetting these increases is a $32 million reduction to the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) which reflects a concerted effort to contain CHAMPUS costs by providing for such medical care in the medical treatment facilities of the military components. The $3 million program growth for the American Forces Information Service is to support implementation of a management information system and additional spot announcements.

This completes my statement. I would now like to ask representatives of the Defense Nuclear Agency and OASD (Health Affairs) to provide you with a brief presentation of their programs.

DEFENSE AGENCIES

[In millions of dollars]

	FY 1984	Price	PGM	FY 1985	FY 1986	Price	PGM	Percent TOT PGM CHG
Readiness:								
DMA	425.6	+16.3	+16.7	458.6	438.5	+.2	−20.3	
DLA	1,506.7	+57.3	+81.7	1,645.7	1,701.8	−24.7	+80.8	
JCS Exer/Sp Fund	256.8	−.6	+59.1	315.3	325.7	−43.4	+53.8	
Total	2,189.2	+73.0	+157.5	2,419.7	2,465.9	−68.0	+114.2	+36.9
Intelligence/Communications:								
Total	1,677.3	+82.5	+205.6	1,965.4	2,095.8	−4.1	+134.5	+43.5
Audit/Investigative Activities:								
DIS	107.3	+3.8	+5.5	116.6	123.0	−2.0	+8.4	
DCAA	136.2	+6.8	+18.1	161.1	173.1	−.9	+12.9	
OIG	44.9	+1.3	+12.9	59.1	62.3	−.5	+3.7	
Total	288.4	+11.9	+36.5	336.8	358.4	−3.4	+25.0	+8.1
Defense Management Support:								
OSD	108.1	+3.8	+7.4	119.3	134.8	+.5	+15.0	
WHS	67.0	+2.4	+9.0	78.4	94.0	+2.3	+13.3	
DNA	44.5	+1.7	+1.4	47.6	43.7	+.7	−4.6	

DEFENSE AGENCIES—Continued

[In millions of dollars]

	FY 1984	Price	PGM.	FY 1985	FY 1986	Price	PGM.	Percent TOT PGM CHG
OJCS-MgtHq	36.9	+1.2	+2.7	40.8	53.6	+.9	+11.9	
OEA	2.3	+.2	+.2	2.7	2.9	+.1	+.1	
DLSA	2.7	+.1		2.8	2.8			
DAVA	21.7	+.8	−.4	22.1	21.9	+.2	−.4	
Total	283.2	+10.2	+20.3	313.7	353.7	+4.7	+35.3	+11.4
Military Personnel Support:								
AFIS	46.1	+1.8	+3.5	51.4	56.4	+1.8	+3.2	
CHAMPUS	1,253.0	+116.0	+2.9	1,371.9	1,462.3	+122.4	−32.0	
DoDDS	604.7	+32.5	−11.1	626.1	664.1	+20.9	+17.1	
USUHS	28.5	+1.0	+.8	30.3	30.5	−.2	+.4	
MIS	51.9	+2.1	+13.3	67.3	81.8	+2.9	+11.6	
Total	1,984.2	+153.4	+9.4	2,147.0	2,295.1	+147.8	+.3	
Grand Total	6,422.3	+328.6	+431.7	7,182.6	7,568.9	+77.0	+309.3	+100.0
Percent Grown		+5.1	+6.7			+1.1	+4.3	

Mr. KASICH. Can we ask questions before we go to the next witness?

Mr. DANIEL. Yes, Mr. Whitehurst, do you have a question?

Mr. WHITEHURST. Just a few.

First of all, let me say that I am somewhat reassured from the outset concerning what you have said about the imbalance that alarmed alot of us yesterday when we had our meeting.

I will be interested to see the results of following submission of the information. The ammunition stocks is an excellent example.

Mr. DUBE. I hope I didn't give you the impression it will be eliminated entirely.

Mr. WHITEHURST. No, no, I didn't get that feeling, but it is not as bad as it looks.

I will just mention the 5-percent pay cut. I observed that item yesterday when I was reviewing the budget. I will give anybody any odds they want that this Congress is not going to go along with that 5-percent pay cut, so we will have to look around for that $1.2 billion.

Mr. DUBE. $1.1 billion.

Mr. WHITEHURST. $1.1 billion.

DEPOT MAINTENANCE

Depot maintenance funding has grown over 5 billion since 1980 according to the Secretary of Defense's annual report to Congress. The question is, to what extent has this increased funding reduced the substantial backlog of depot maintenance that existed at that time. How large is the projected depot maintenance backlog for fiscal year 1986 and why do you feel it is acceptable from a management point of view?

Mr. DUBE. Well, specifically, the current estimate of the unfunded backlog in 1986 is $552 million.

When we say acceptable, it is not something that we really like, but we can look at where we stand on depot maintenance backlogs now in one of two different ways. The estimates now show the backlog increasing from fiscal year 1985 to 1986. But still it is lower than the fiscal year 1984 backlog we finished with and the fiscal year 1985 backlog we are now estimating is substantially below what we were estimating for 1985 when we submitted the fiscal year 1985 budget.

Mr. WHITEHURST. Will you ever get to the point where there is no backlog?

Mr. DUBE. Well, if we do, I am not going to brag about it anymore. My first year up here I came up here bragging that, we finally did it, we eliminated the backlog. We had done that or made every attempt to do that, but the ink was hardly dry on the budget before recalculations of requirements made a liar out of me and we finished fiscal year 1983 with a backlog. In our budget process we thought of all the recognized requirements we had funded and it turned out it didn't go that way.

When we say it is acceptable, one of the things that makes a backlog acceptable is we have to admit there is some uncertainty in that requirement.

I was looking at some numbers this morning in terms of our track of estimating the requirements; in other words, what will show up that needs to be repaired and what is it going to cost to repair it?

And requirements fluctuate. We have understated and overstated them in the past. So our backlog is a function of what the requirement is versus the funding and by putting more money on something, we may not necessarily really get more done depending on when the requirements actually materialize.

I have developed a little humility with respect to any set of requirement numbers because they have changed so much over the time and we have been wrong in both directions so many times that there is a level at which I think zero is a too precise number. We will never get below zero because we won't repair things we don't need, so zero becomes much more a precise number than I am willing to deal with here.

The backlog is a little higher than I am comfortable with. It is primarily in the Navy. For example, $80 million is one ship that was due for a fourth quarter 1986 overhaul that slipped to fiscal year 1987, so she will commence in October 1987.

Well, it would be better if we funded the whole thing, but I don't see a terrible readiness problem related to that minor slippage.

The backlog numbers are subject to some change over time. I hope they don't get worse, and we would prefer that we not have them, but we simply can't say that taking that money from whatever program we would have to unfinance to put that on——

Mr. WHITEHURST. Conditions are better now than they were last year?

Mr. DUBE. Projections for fiscal year 1985 are better than last year. I am not sure the May 1986 projection isn't subject to the same kind of potential swing as May 1985 was. We have not made major steps forward that I am aware of in terms of our estimating capabilities.

Mr. WHITEHURST. I don't want to see us slip and slip and slip.

Mr. DUBE. That is a concern. If the trend keeps going higher—again, the fiscal year 1986 backlog is less than we finished 1984 with.

Mr. WHITEHURST. We are under the 5-minute rule, self-imposed and it is a fair rule, but I want to ask a question on the CHAMPUS medical care. In your statement, you say the budget includes $232 million reduction in CHAMPUS which resulted from efforts to provide medical care in the treatment facilities of the military components.

In view of much recent criticism of military medical care, how are you getting our service members and dependents to use military medical facilities in lieu of CHAMPUS.

This is something that I speak of from experience because I have a large military district, large Navy district and in fact just a couple weeks ago I had a real tough case in terms of a denial of a CHAMPUS. A lot of horror stories have been surfacing and this is on my mind—it just won't go away.

CHAMPUS REDUCTIONS

Mr. DUBE. Frankly, I would rather push that off to Mr. Dexter, who is more knowledgable.

Mr. WHITEHURST. Both of you can answer and I will surrender whatever time I have remaining which I don't think is much.

Mr. DUBE. The savings we are talking about, one, are not being brought about by denying valid claims.

Mr. WHITEHURST. I understand.

Mr. DUBE. Second, when you say how can we get them to use it, it is basically by not giving them the nonavailibility certificates. With that, let me go to Mr. Dexter.

Mr. DEXTER. That is really the answer. We have tightened up since 1982 on the issuance of nonavailability statements for inpatient care for those beneficiaries who reside within a 40-mile radius of a facility.

The services are doing a better job of providing the care; however, one could argue with that from the quality assurance standpoint based on recent news articles

Mr. WHITEHURST. If you would yield for a question, the services have been so advised that it is incumbent upon them to provide that care; in other words, do their part to make this thing fly?

Mr. DEXTER. To attempt to better utilize the military facilities, yes.

Mr. WHITEHURST. Do you have anything else to add?

Mr. DEXTER. I was just going to add that we have made the news in recent weeks or months, but a lot of these incidents are isolated cases that came to light The Secretary's policy is to take quick and decisive action and we are doing that. We have an extensive quality assurance program being developed and for the most part it is already in effect.

So I believe this situation is improving and I believe that the military services are doing a better job of providing care.

Mr. WHITEHURST. You don't hear about the cases where the people are treated and go away happy.

Mr. DEXTER. Absolutely.

Mr. WHITEHURST. I have office appointments tomorrow and I scanned them and I am holding my breath.

Thank you very much.

Mr. DANIEL. Mr. Martin.

Mr. MARTIN. Not at the present time.

Mr. DANIEL. Mr. Kasich.

Mr. KASICH. I wonder if you could tell me what the percentage increase of your budget is in real terms in dollars and percentage increase for 1986, 1987, and 1988?

Mr. DUBE. I will have to get that for the record. I don't have any of those figures here. I have not computed the outyear numbers.

I really would like to give you an answer for the record as to be able to qualify it in three terms, there are so many different terms to measure real growth, I would like to be able to accurately tell you how we computed it.

[The following information was received for the record:]

REAL GROWTH FOR FISCAL YEAR 1986 THROUGH 1988

PROGRAM GROWTH OPERATION AND MAINTENANCE APPROPRIATIONS, FISCAL YEARS 1986–88

[In millions of dollars]

	Appropriation title amount constant dollars [1]	Percent of program growth
Fiscal year:		
1985	79,513.1	
1986	82,450.1	3.7
1987	90,429.8	9.7
1988	100,128.8	10.7

[1] Fiscal year 1986 base year.

Mr. KASICH. How about 1986?

Mr. DUBE. Again, I can give you a couple different numbers, one of which is 3.7 percent real growth when we take the macroeconomic views.

Mr. KASICH. What do you mean by that?

Mr. DUBE. The same as when someone says the defense budget has 5.9 real growth, the O&M value is 3.7 in total when used that way, and if you go further, excluding people and fuel, of the total remaining purchases, everything else, the rate of real growth is 6.1 percent. It is 6.1 percent more purchasing power based on those economic assumptions. The reason I hedge on using the macroeconomic numbers—those are the numbers used in the press releases—is that they represent total aggregations, but I have just been discussion, in a more microeconomic view, a couple of things where within that overall number, I have, for example, industrial fund rates that are coming down, but that 3.7-percent average, or the more discrete 7.1 percent, are based on assumptions that have 4.3 percent inflation everywhere. I can really buy more programs than the 3.7-percent average would indicate. For example, I didn't run the percentages, but I checked total numbers against the number that that 3.7 percent represents in dollars, which is $2.9

billion, and my O&M overview will show program growth $800 million higher than the $2.9 billion.

The reason for this is that, in detail, not everything is going up an average of 4.3 percent which represents the Consumer Price Index, but instead, some of my prices are going down and that leaves me more room for real growth.

I have one more step to complete the total picture, and I can't do it until I have all the justifications together which we are now beginning, the final step is, but to say, of that real growth that I compute, that program growth, how much of it is really real?

Now, to the extent that it is a migration from the procurement accounts I have apparent real growth, but that isn't real in the true sense, but then I also have the situation as with the depot level maintenance, that goes the other way. In short, I have a lot of individual calculations to make before I can tell you that, here's the real story about the growth in the budget.

Mr. KASICH. I guess what I would like to see is the total number of dollars you spent last year and the total number of dollars you are asking for in 1986, and what that percentage increase is. If you take what you spent last year and what you are asking to spend this year in this budget request, what is that number?

Mr. DUBE. The O&M for fiscal year 1985 is $78.2 billion; fiscal year 1986 is $82.4 billion, which is a $4.2 billion increase.

Mr. KASICH. I would like to divide that out, but I am not a mathematician.

Mr. DUBE. All right.

I have an increase of $2.9 billion, but what is the real growth.

Mr. KASICH. If you calculate it on a 4.3 ratio of inflation?

Mr. DUBE. Right.

Mr. KASICH. Rather than 3.7 or 3.9 or what?

Mr. DUBE. Or all the various ones I have been talking about, yes.

Mr. KASICH. OK.

Mr. DUBE. In my O&M overview, when I do the summary instead of talking about 2.937 as the real growth, I am showing a figure of $3.7 billion as the program growth.

Mr. KASICH. I understand that. What is that number, by the way, out of curiousity from fiscal year 1978 to fiscal year 1982?

Mr. DEXTER. It is 1.5, but that sounds like it is higher than that.

Mr. DUBE. About 5 percent a year.

Mr. DEXTER. Five point four then.

Mr. KASICH. I would like to see those numbers for fiscal year 1987.

Mr. DANIEL. Please provide them for the record, if you would.

[The following information was received for the record:]

REAL GROWTH FOR FY 1987

The O&M program growth currently planned for fiscal year 1987 is $7,979.7 million. This represents a 9.7 percent increase over fiscal year 1986 level.

Mr. KASICH. One final question, Mr. Chairman, I want to know whether you folks are satisfied with the DLA purchase of fuel. We have a mayor in our town who says he runs the largest gas company there in the city of Columbus. He has more tanks, more people, more everything than the private companies and he came down

here to see our President to talk about ways in which to trim the budget for the city of Columbus, to meet the president's goal of budget trimmings. One of the things he wants to do is eliminate the function of the city of Columbus being in the gas station business and let the private sector take care of that and he actually pays more for the gas than he could buy it at a Sohio station. Are you satisfied that DLA is purchasing fuel in the most efficient manner? Do you think there is room for changes, for reform, within those purchasing policies? Is there any potential for savings there?

Mr. DUBE. I simply have to make clear I am not very knowledgable in the area of fuel being bought by the stock fund, I don't get involved in much of it.

I doubt there is any operation within DOD that can't stand some improvement. I don't think anyone would say there are none. I assume it has been looked at and we are reasonably satisfied with it, but we are working on other things.

I would point out there is in the budget an assumption of some savings in terms of the way we can buy fuel that will require legislation. It is in the budget as a result of the Grace Commission's recomendations and shows what they looked at in terms of various requirements that DLA has, together with others that are not related to getting fuel at the most efficient rate, the fuel savings for 3 years and reflected in the budget starting with fiscal year 1986, if we can get legislation passed, are on the order of $166.5 million over 3 years.

That is related to eliminating some of the restrictions that DLA has to comply with in buying fuel.

So I would say that we recognize some changes that could be made and the Grace Commission did, also. Whether or not we can get that enacted and achieve the savings is another question.

Mr. KASICH. Thank you, Mr. Chairman.

Mr. DANIEL. Mr. Dube, consult with your appropriate officials and provide that information, if you would.

Mr. DUBE. I would be happy to do that.

DLA FUEL SAVINGS

The Department has submitted legislation, which if enacted, is estimated to result in savings of $166.5 million over a three year period. This legislation would permit the Department to waive certain provisions of the Defense Acquisition Regulation to exempt the procurement of petroleum from all nonessential requirements. It would also permit permit the modification of standard contract provisions to conform with provisions prevelent in the commercial sector for similar fuel contracts.

DoD estimates of savings by fiscal year are shown below:

[In millions of dollars]

Fiscal year:	TOA
1986	51.3
1987	56.3
1988	58.9
Total	166.5

Mr. DANIEL. Mr. Dexter, we would be happy to hear from you now.

STATEMENT OF JOHN E. DEXTER, DIRECTOR, OFFICE OF POLICY AND PROGRAM COORDINATION, OFFICE OF ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS, DEPARTMENT OF DEFENSE

Mr. DEXTER. I have a statement I would like to submit for the record and talk to the charts that I believe you have before you.

Mr. DANIEL. Without objection.

MAJOR HEALTH PROGRAMS

Mr. DEXTER. The major health programs in the defense agencies, O&M account are: The CHAMPUS, which is by far the largest account at, almost $1.5 billion; Medical Information Systems, $82 million, which includes several items that I will talk to later; and the Uniformed Services University of the Health Sciences which has an O&M budget of about $30 million. The CHAMPUS Program is a supplemental program to the military direct care system which consists of 168 hospitals and more than 300 free standing clinics, that is the military system.

CHAMPUS serves a population of more than 6 million nonactive duty beneficiaries; dependents, retirees, and survivors of both categories.

The benefits of the program are historically modeled after the Blue Cross/Blue Shield high option plans, although there are some differences.

The current package is more generous in some ways in that it has an extensive psychiatric benefit and in other cases it is lagging behind other plans; for example, CHAMPUS has no catastrophic CAP or a dental program.

As to workload in that system, we processed in 1984 over 5 million claims; claims are processed and paid by fiscal agents under contract and we have about six contractors handling that whole program.

An example of the annual CHAMPUS workload in terms of care we have about 275 admissions, 2.1 million paid hospital days and about 4½ million outpatient visits.

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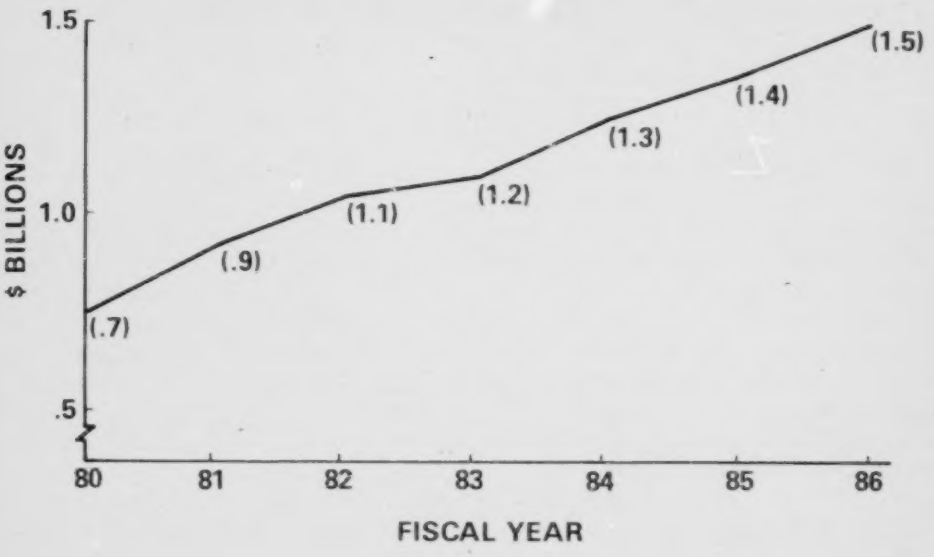
CHAMPUS BUDGET GROWTH



The cost of the program in fiscal year 1986 is projected at about $1.5 billion. This is only a 6½-percent increase over 1985. As you well know, in the past we have experienced much greater increases in the program; because of the high medical inflation, we averaged about 14 percent for several years.

The next chart gives you an idea of the program's total cost in current dollars from 1980 through 1986 and if it were not for an aggressive cost containment program and the new initiatives we have taken, I am sure this trend line would be much steeper than it is.

But 1982 was a banner year that is really unexplainable, but it cost us significantly more than we had programmed in that year.

In terms of the cost containment initiatives that we have taken: Reduction in nonavailability statements—which I talked about earlier—is one action that has reduced CHAMPUS expenditures. This program has been successful and we are pressing the military departments to improve on that.

We have really cracked down on fraud and abuse by conducting extensive monitoring to detect improper use or misuse by patients and providers. We currently have about $19 million in cases that are under examination.

With regard to coordination of benefits, we have intensified our efforts to ensure that CHAMPUS is the second payor to other plans. This saved us about $210 million annually. We keep pressing on that, as well.

We have an ongoing peer review program that we consider to be very effective in the mental health area. We are initiating a similar program in medicine and surgery.

The CHAMPUS-Medicare link is another initiative. We are attempting to incorporate the Medicare prospective payment system

into the CHAMPUS Program. The term link means to actually link the CHAMPUS Program to the Medicare legislation so that hospitals and physicians groups would, in order to participate in the Medicare, have to participate in CHAMPUS.

We are a much smaller program compared to Medicare and don't have the leverage that they have.

We are planning demonstration projects to determine the feasibility of using HMO's or preferred provider organizations as alternatives to the current fee-for-service method in which we currently do business.

MEDICAL INFORMATION SYSTEMS

The next category is medical information systems. There are three major programs in that category, the Tri-Service Medical Information Systems [TRIMIS], that is a program called the Defense Enrollment and Eligibility Reporting System [DEERS] and the Family Advocacy Program.

Mr. DANIEL. What does Family Advocacy mean in this case?

Mr. DEXTER. Child and spouse abuse, prevention. I will talk to it a little more later, Mr. Chairman.

Mr. DANIEL. Thank you.

Mr. MARTIN. I have one question at this point.

Mr. DANIEL. Yes.

Mr. MARTIN. Before we go too far, the CHAMPUS Medicare link, talked about the program being substantially smaller than Medicare and you didn't have the leverage.

I don't understand what you are talking about.

Mr. DEXTER. In other words, if we tried to use the method of payment that Medicare uses, which doesn't really pay the total hospital charge, providers and hospitals would say we don't want to do business with you. But Medicare is a big program and a large part of their business, so they would not want to lose that business. So we must link the two programs together, that is, in order to participate in Medicare, providers must accept CHAMPUS patients and agree to accept payment under a similar payment scheme.

Mr. MARTIN. Let me ask you, isn't there such commonality of interest, both Federal Government, are they assisting in trying to have that program used as well as theirs? Can they provide your leverage or are they failing to?

Mr. DEXTER. We have legislation being coordinated within the Department right now that will be submitted to OMB within the next couple of weeks that will try to get this tie-in in the law, so that providers would have to——

Mr. MARTIN. If they took Medicare, they have to take this?

Mr. DEXTER. Right. If you participate in Medicare, you must participate in CHAMPUS.

Mr. MARTIN. But you get no objections from the Health and Human Services Department on that?

Mr. DEXTER. I have not yet, to my knowledge. No. Of course, the legislation is not there yet.

Mr. MARTIN. Thank you. Thank you, Mr. Chairman.

Mr. DANIEL. Go ahead, Mr. Dexter.

Mr. DEXTER. The Tri-Service Medical Information System, a program to centralize management of medical ADP systems. It was established in 1976 and in recognition of a need for a centralized medical automated system to serve management at all levels. It is a system that should be or will be compatible with personnel systems and tactical systems.

The primary initiative in this program is a fully integrated hospitalwide composite health care system, and that program will be quite costly over the next 7 or 8 years. Dr. Mayer this past year held up procurement to reevaluate the program and to make sure that the program was headed in the right direction. He is now satisfied that we are and we plan to have a request for proposal to procure these systems on the street in April. Actually, we are going to do a test and evaluation of several systems before we decide which one to buy.

We have, over the past 10 years, installed a number of individual systems in hospitals, pharmacy, radiology, laboratories, and so on. Those systems have lived their life cycle and the new composite hospital system will replace those.

Program growth is about $11.6 million in this program this year, but the major part of that is for the procurement of this composite hospital system and another system we are installing, the Automated Quality of Care Evaluation Support System [AQCESS], we call it. We will place minicomputers in all hospitals around the world that will generate a data base for unexpected patient care outcomes in all facilities. This ties in with our quality assurance program to get some feedback on misadventures and other problems in patient care.

The Defense Enrollment and Eligiblity Reporting System [DEERS] Program is a beneficiary population accountability program, in which sponsors and dependents are required to enroll. It has a lot of uses; it aids in resource programming, to know the budgeting, facility sizing, et cetera. It is used in checking the eligibility of personnel entering our military facilities and also entering the CHAMPUS Program. We have reduced waste and fraud and abuse by verifying the eligibility of persons using these programs.

It is also used to verify eligiblity for issuance of ID cards. The DEERS Program is complete in the continental United States and we are going overseas with it this year and we will also expand it to the reserve and guard components.

The Family Advocacy Program is a new program. A major effort in this area began about 2 years ago. There were sporadic attempts at base level to deal with such problems prior to that time.

The program is aimed at child and spouse abuse and neglect in the military family, we are concerned with prevention, identification, treatment and rehabilitation.

This is a national problem that has been getting a lot of attention recently and we are giving it attention in the military setting. We are training counselors to identify problems and treat them before they become serious. We are in communication with national, State, and local agencies that have programs along these lines, to keep in touch with their programs and activities.

We have a military family resource center in Virginia that provides guidance and policy for the program, develops education and

training materials for the military departments to use, collects and analyzes data and monitors program implementation.

Mr. DANIEL. What is the ratio, Mr. Dexter, of retirees to active duty people who use your facility? Do you have any idea?

Mr. DEXTER. We have about 2.1 million active duty and, I believe, 1.2 or 3 million retired folks.

Our total population is around 10 million, counting the active duty, retired and dependents and survivors of both active duty and retired.

Mr. DANIEL. Just provide it for the record. We don't need to take time now.

[The following information was received for the record:]

WORLDWIDE HOSPITAL AND OUTPATIENT UTILIZATION—FY 1984

	Admissions	ALOS	ADPL	Outpatient Visits
Active duty	277,186	7.3 days	5,591	18,439,058
(Percent of total)	(29)		(37)	(38)
Retired	115,765	8.1 days	2,569	4,596,586
(Percent of total)	(12)		(17)	(9)
Depn AD	405,936	3.8 days	4,231	16,687,028
(Percent of total)	(42)		(28)	(34)
Depn retired	120,758	6.4 days	2,115	6,029,216
(Percent of total)	(13)		(14)	(12)
Other	34,914	6.3 days	605	3,190,332
(Percent of total)	(4)		(4)	(7)
Total	954,559		15,111	48,942,320

Mr. MARTIN. I have a brief question, you listed the cost of these medical information systems on a couple pages back.

Mr. DEXTER. Yes.

Mr. MARTIN. Do we have any relationship as far as growth to 1984, 1985, and 1987, any projections that would correlate to what you are saying?

Mr. DEXTER. Yes.

Mr. MARTIN. What increase does that represent, is my question?

Mr. DEXTER. It is in the TRIMIS Program, I think it is about $11.6 million.

Mr. MARTIN. $11.6 million.

Mr. DEXTER. Program growth is $11.6 million in TRIMIS from 1985 to 1986.

Mr. MARTIN. Do you think what it would mean for all medical information when we talk about percentages, would that be pretty much for the DEERS and Family Advocacy?

Mr. DEXTER. Family Advocacy goes up about $5 million.

It is on the front chart, excuse me.

Mr. MARTIN. Sorry.

Mr. DEXTER. I knew I had it somewhere.

Mr. MARTIN. Once I understood what it was, I became more interested.

Mr. DEXTER. The university which I will talk to next is relatively level.

The Uniformed Services University of the Health Sciences was established by law in 1972 in the same act as the Armed Forces Health Professions Scholarship Program. The reason for both being established was a major effort to alleviate the physician shortage caused by the end of the draft at that time.

The university is expected to provide a core of about 25 percent of our physicians' requirements somewhere down the line, perhaps maybe at about 1990. The applicants for this program are career oriented, and those selected get extensive training in military medicine. We expect a much higher retention rate from the university graduates which will ultimately result in a greater return on our investment.

We had over 3,000 applicants this year for 156 openings in that program. It is about a 19-to-1 ratio, so we get a chance to select the best.

The program growth in the University in terms of graduates is shown on the next chart. The first graduating class was 28 in 1980, and in 1985 we will have our first full graduating class. We now have a student body of about 620 students.

Mr. HUTTO. Could I ask Mr. Dexter, Mr. Chairman, what is the requirement after finishing the university for a doctor to practice before he could get out?

What is his commitment, in other words?

Mr. DEXTER. It is one for one, but by the time he has completed a residency program and pays back his commitment, he has about 11 to 12 years of active duty, so we feel that the greater percentage of these graduates will stay on for a career. They are career oriented to come into a program like that, I believe.

Mr. HUTTO. I guess it is too early to have any kind of trail on that to see how many stay in and how many get out to go to a more lucrative practice, isn't it?

Mr. DEXTER. Yes, it is. We don't have very good data on that. Our retention rate from the scholarship is higher than we anticipated it would be, but again we don't have a lot of experience there either.

Mr. HUTTO. I don't want to get into a lengthy discussion, you know there was a recent series of articles critical of the military medical facilties in the Washington Post, and I don't know if you had an opportunity to read them or not. I personally think that the military doctors are very good. I have seen some of them. But I guess like in private practice there is malpractice and so on. That is the reason I wanted to know about the commitment. It also seems to me that there should be some monitoring system if there is not some rating, so if they decide to go into the private sector, that we will keep them on their toes while they are in the service. They will have to do good work before they can be able to go out into the private sector.

Mr. DEXTER. Yes, in regard to the articles that you mention, I have read them and I have made just a few notes here, in case this subject——

[Laughter.]

Mr. DEXTER. According to data from the Joint Commission on Accreditation of Hospitals [JCAH] military hospitals ranked slightly

better than civilian hospitals, although we do have some very small hospitals that are not reviewed by the joint commission.

Some preliminary data show that military dependents and retirees file malpractice claims at less than half the rate of civilians of similar age.

The number of malpractice claims filed per 100 Air Force doctors declined since 1979. The Air Force revoked, suspended or limited medical privileges of 60 doctors during 1984 alone. As far as reporting these physicians, we have a requirement now in a regulation that doctors who leave active duty with restricted credentials are reported to the Federation of State Medical Boards so that the word does get out.

Mr. HUTTO. Good.

Mr. WHITEHURST. Will the gentleman yield?

Mr. HUTTO. Be happy to yield.

Mr. WHITEHURST. Under what circumstances can a malpractice claim be filed against a military physician? Is it just like in the civilian medicines? If a doctor there can be charged?

Mr. DEXTER. Active duty personnel cannot under the Feres doctrine file a malpractice claim against the Government.

Mr. WHITEHURST. That is what I thought.

Mr. DEXTER. But retired members and all dependents are free to file a claims against the Government.

Mr. WHITEHURST. They are?

Mr. DEXTER. Yes.

Mr. WHITEHURST. What is the provision in terms of protecting the physician under the malpractice claim, does he have insurance, does the Government back him up or what?

Mr. DEXTER. The Government backs him up. The physician does not require any insurance. The claims are filed against the Government.

Mr. WHITEHURST. Thank you very much.

Mr. DANIEL. Does that conclude your statement, Mr. Dexter?

Mr. DEXTER. Yes.

PREPARED STATEMENT OF JOHN E. DEXTER

Mr. Chairman, I am John Dexter, Director of Policy and Program Coordination in the Office of the Assistant Secretary of Defense (Health Affairs). I appreciate the opportunity to appear today to discuss three essential components of our military health care system, funded through the Operations and Maintenance, Defense Agencies account: The Civilian Health and Medical Program of the Uniformed Services (or CHAMPUS); the Medical Information Systems (which includes funds for the Tri-Service Medical Information System (TRIMIS), the Defense Enrollment Eligibility Reporting System (DEERS), and the Defense Family Advocacy Program); and the Uniformed Services University of the Health Sciences (or USUHS).

As you know, the military health care system is dedicated to two major goals—providing medical support to U.S. combat forces during war and providing quality health benefits to active duty and retired members of the Armed Forces, their dependents, and survivors. The three programs we will discuss today each plays a unique role essential to our success in both of our primary goals

The role of the CHAMPUS program is to supplement our own system of 168 military hospitals and several hundred clinics by reimbursing, on a cost-share basis, for care provided by civilian providers to non-active duty beneficiaries, when that care is not available in our own facilities. This may be due either to the type of care rendered or, more usually, the proximity of the beneficiary to one of our facilities. Basically, CHAMPUS receives, processes, and adjudicates claims which are then paid by fiscal agents under contract. In 1984 this massive responsibility involved processing over 5 million claims of CHAMPUS beneficiaries representing 2.1 million

paid hospital days and 4.5 million outpatient visits. In addition, CHAMPUS processed numerous hearings and appeals cases, conducted in-depth audits of its fiscal intermediaries, made over 600 quality of care reviews, and conducted over 350 fraud and abuse investigations.

Besides ensuring that appropriate care is provided, however, CHAMPUS is also committed to controlling costs. This is made more difficult by increasing inflation in the civilian health care industry coupled with the cost escalation inherent in the use of improved technology and new medical procedures. In the face of these pressures, we at DoD are taking advantage of every opportunity to keep medical costs down. The Military Departments have already made progress in avoiding additional costs under CHAMPUS by providing care in military treatment facilities, wherever possible. With an eye toward controlling costs, we have been working toward incorporating the prospective payment system now is use under Medicare into the CHAMPUS program. The feasibility of using alternative financing mechanisms such as Health Maintenance Organizations (HMOs) or Preferred Provider Organizations (PPOs) is also being considered as an alternative to the fee-for-service method currently employed. These possibilities are all being evaluated in terms of their ability to reduce the cost of providing care to CHAMPUS beneficiaries without detracting from the quality of care. The fruits of our continued cost containment efforts are seen in our FY 1986 request for CHAMPUS. This request of approximately $1.5 billion is only a 6.5 percent increase over the 1985 appropriation as compared to the average cost increase of 14 percent experienced by CHAMPUS over the past several years. With continued cost control efforts, we feel the amount requested will be sufficient to continue CHAMPUS's current program level through 1986.

The second component of the military health care system under consideration today is Medical Information Systems (MIS). For 1986, we have requested $81.8 million for the various activities funded within the MIS budget. I will briefly describe each.

The Tri-Service Medical Information System (TRIMIS) Program was established in 1976 in recognition of the need for a centralized, automated medical information system to meet both overall DoD and Military Department requirements. The provision of quality care for military personnel and their dependents worldwide requires that a vast and ever-growing amount of information be effectively and economically managed.

Recently, TRIMIS has accelerated its timetable for the implementation of the new Automated Quality of Care Evaluation Support System (AQCESS). When this system is fully operational at the end of calendar year 1985, it will assist us in our quality assurance efforts by providing a comprehensive data base for unexpected outcomes in all of our medical treatment facilities. The availability of this information is expected to facilitate the monitoring and evaluation of the quality of care being provided.

TRIMIS is also continuing to work toward developing a fully integrated automation system—the Composite Health Care System. Upon its completion, this system will supply our health care providers and administrators with access to a tremendous amount of patient care information. We expect that the Composite Health Care System will provide us with knowledge needed to enhance the quality, efficiency, and cost effectiveness of the DoD health care delivery system. The $45.7 million requested for the TRIMIS program in 1986, will fund the continued development of the Program and will ensure that TRIMIS remains on track for implementation of this comprehensive information system.

The Defense Enrollment Eligibility Reporting System (DEERS) provides a means of improving resource budgeting and reducing waste, fraud, and abuse by maintaining eligibility information on both the direct care and the CHAMPUS programs. DEERS is essential to the effective regulation and controlled issuance of Uniformed Services ID cards. By preventing the fraudulent use of the military health care system, our efforts have already saved millions of taxpayer dollars, enabling more efficient use of our health care resources for those eligible to receive care.

Also currently funded out of our medical Information Systems budget, the Defense Family Advocacy Program is designed to work toward the identification, treatment and prevention of child and spouse abuse within the military family. An important element of the family advocacy program is the Military Family Resource Center within the Office of the Assistant Secretary of Defense (Health Affairs) which recommends policy and program guidance designed to eliminate family violence and promote effective family functioning on our military bases. As a result of our family advocacy program, many military bases have established centers to respond to the problems of child and spouse abuse. Funding for this activity was recently transferred to the MIS account in order to bring together all OSD medical

activities within O&M, Defense Agencies. The 1986 request of $16.6 million represents an increase of $5.8 million over 1985.

Finally, the third military medical component to be addressed today is the Uniformed Services University of the Health Sciences (USUHS). The University was established to ease the critical shortage of military physicians. It is intended as a complement to the Armed Forces' Health Profession Scholarship Program and the Services' recruiting activities to ensure a steady flow of health professionals into our system. The USUHS mission is to provide high quality career dedicated military physicians. The level of operation of the University is designed to produce a sustained input of career military physicians which, over the long term, is expected to provide a core cadre of approximately 25 to 28 percent of the projected total military physician requirements. For this purpose, $31.5 million is requested in 1986 to support approximately the same number of new students and graduates as were supported in 1985.

This concludes my opening statement. I will be happy to answer any questions the Committee may have.

Mr. DANIEL. General, we would be delighted to hear from you.

STATEMENT OF LT. GEN. RICHARD K. SAXER, DIRECTOR OF THE DEFENSE NUCLEAR AGENCY

General SAXER. Thank you, Mr. Chairman.

Mr. Chairman and members of the subcommittee, it is a pleasure to be here. I have some people I would like to introduce to you. I have my Deputy with me, Major General Tate, my Deputy for Science and Technology, Dr. Marvin Atkins, I also have my Comptroller in case I can't respond to some of the questions that I might receive.

Mr. DANIEL. We are pleased to have all you gentlemen.

Mr. HUTTO. Mr. Chairman, I have one question that I think would be rather brief if I may for Mr. Dexter before we leave the medical part.

It would just be a brief question, if I may.

Mr. DANIEL. Proceed.

Mr. HUTTO. I wanted to ask you, and you might have covered it and I apologize for not being here, there was a pilot program about a year or two ago and I think it was at the mandate of Congress that we said that more of these people ought to be treated at military hospitals instead of using CHAMPUS and so there was a pilot program where those who normally would be treated under CHAMPUS would go to the military hospital and get a nonavailability slip or something before they were able to be treated with CHAMPUS. I wonder what was the result of that? Do you have any information on that?

Mr. DEXTER. I did mention earlier that since 1982 we have attempted to reduce the number of nonavailability statements issued for inpatient care and the services have been successful in doing that.

So that we have brought patients in from the CHAMPUS Program to military facilities. You may be referring to the outpatient test that was done at Pensacola.

Mr. HUTTO. One of three, I believe.

Mr. DEXTER. Yes. The test ended last June and as yet we don't have conclusive findings on that, but we can provide them to you when they are available.

Mr. HUTTO. Thank you, Mr. Chairman.

Mr. DANIEL. General Saxer.

General SAXER. To place our——

Mr. DANIEL. Let the Chair state there will be plenty of opportunity to ask questions after we finish.

Please.

General SAXER. To place our O&M budget in context for a moment, I would like to describe for you the overall mission of DNA.

Following that maybe I can highlight some of the programs that we have in our O&M budget to give you a better insight.

Mr. DANIEL. Without objection, we will include your entire statement for the record.

MISSION

General SAXER. DNA is concerned with all things nuclear in the Defense Department. While the Department of Energy [DOE] develops and builds nuclear weapons, we determine their effects and we help provide guidance to the DOE on future requirements as far as weapon requirements are concerned.

We determine how to make U.S. military systems survive in the nuclear environment and we assist the military services to optimize applications of their own weapons and help the entire Defense Department ensure the day to day control, safety, security, and logistic support of America's nuclear deterrent.

A central fact to recognize about DNA is 89 percent of our total budget and total request for fiscal year 1986 is in the RDT&E Program.

For many years the largest mission of DNA has been the effects and the study of the effects of nuclear weapons and the application of that knowledge to weapons and to other systems and plans and policies which are developed within the Department of Defense.

Our R&D program covers a wide spectrum of activities ranging from applicaton of some of the world's most advanced computer codes to the execution of underground nuclear tests in Nevada.

While our basic mission is unchanged, the technical thrust of the program continually evolves to keep pace with and anticipate new nuclear weapons designs, new nuclear weapons systems and changing tactics, strategy and Defense policy.

Because we have an enormous background in areas of major national importance and because we have the track record of a group who clearly excels at what we do, significant new missions have been added to our extensive technical program over the last several years.

We stand very proud of the accomplishments we have enjoyed within the agency.

The prime objective of our overall DNA Program is to provide the means for enhanced deterrence. The products of our research must lead to applications so that our nuclear forces around the world will survive a first strike and retain operational capability.

We must ensure that a command structure will survive intact to control our forces. For deterrence to be credible, there must be a strong and continuing program of nuclear effects research, testing and system applications.

The Defense Nuclear Agency total fiscal year 1986 budget request is $433,843,000; 89 percent of this budget is for RDT&E Program, 10 percent for O&M and 1 percent for our procurement.

We provided an overview of how we arrive at the O&M account. I would like to highlight a few programs paid directly by the O&M account.

PROGRAM HIGHLIGHTS

One of our very important jobs is to provide consolidated management of all nuclear weapons in the DOD stockpile.

This mission, worldwide in scope, requires DNA to maintain overall surveillance and provide guidance, coordination, advice or assistance as appropriate in managing all nuclear weapons in DOD custody from completion of production by DOE until we retire them from the Department of Defense. DNA is the exclusive source of data for the complete stockpile.

We perform this function by maintaining and operating the National Nuclear Weapons Accounting and Reporting System. This system is supported by the Worldwide Military Command and Control System and enables DNA to provide timely accurate and complete data on each weapon in the stockpile including its serial number, location, configuration, and condition—to assure the status of all nuclear weapons in DOD custody is known at all times.

We provide daily reports to the JCS on status of all nuclear weapons in America's arsenal and have the capability, exercised frequently, to conduct a major verification of their status in case this should be needed. At any time of heightened tension we would be an important part of the crisis management capability in the JCS .

When the Limited Test Ban Treaty was ratified in 1963, banning atmospheric nuclear testing, Congress mandated four safeguards to assure that America maintained a strong nuclear deterrent.

Safeguard C called for a continuing capability to resume atmospheric testing should it be necessary and as a deterrent to Soviet abrogation of the treaty. One of the pillars of Safeguard C is the retention by DOD of a unique and isolated property, Johnson Atoll in the Pacific, as a base for nuclear testing operations. Other uses are permitted if they don't preclude the primary mission. DNA hosts other tenant activities, primarily the Army, who store chemical weapons and are proposing to demilitarize some of those chemical weapons on the atoll at this time. These activities are necessary and important in their own right, and require maintenance of a high, basic infrastructure that will be in place when needed if Safeguard C is ever implemented.

A small but important part of our O&M budget supports inspections of Army, Air Force, Navy, and Marine Corp units that have a capability to store, transport or employ nuclear weapons. DNA looks at about 20 percent of these service units each year to ascertain their continued ability to safely maintain, securely protect, and/or reliably use nuclear weapons entrusted to these units should they have to be used. Each of the services use their own inspection teams to look at them between DNA inspections.

DNA provides an independent assessment of the nuclear capability of each of these units. Because we enjoy a short, high level chain of command, the DNA inspection system ensures that immediate remedial action is taken to resolve any problems and any problem areas we might identify. Each DNA inspection team consists of five well qualified and highly experienced officers headed by a colonel or Navy captain. Each team includes nuclear weapons security, technical operations, administrative and personnel reliability expertise. We keep five inspection teams in a travel status 50 percent of the time to accomplish this inspection schedule. This schedule takes inspectors wherever there are units of the Armed Forces with a nuclear mission. The results of these inspections are a vital element in enabling field commanders to assess and improve readiness.

While every conceivable precaution is taken to make our nuclear weapons and our operations as safe and secure as humanly possible, it is only prudent for the Government to prepare for the remote possibility of an accident. DNA sponsors a series of nuclear exercises, also involving the DOE, FEMA, and State and local activities to increase the Federal Government's capability to respond effectively to an accident involving a nuclear weapon and to refine procedures for achieving maximum Federal civil coordination if such an accident might occur. These exercises are conducted in a no-fault environment in order to realistically evaluate interagency relationships and effectively coordinate remedial actions to improve response of individual agencies. In 1979, 1981, and 1983 we conducted major exercises at the Nevada test site. Beginning in 1985 we are planning smaller exercises at a variety of locations so operational commands and staffs can be more closely involved.

I have just discussed some of the more important tasks of DNA funded exclusively by our O&M accounts. As I mentioned earlier, however, 89 percent of our fiscal year 1986 request is in the RDT&E category. A significant fraction of our O&M provides the "lean and mean" operation which directs this multihundred-million-dollar RDT&E Program and applies its results to the overall defense problems. Our O&M account provides for a group of headquarters DNA professionals that determine what work has to be done in the RDT&E efforts, selects and guides performers, transmits the results in real time to DOD mission decisions makers, systems project offices, field commanders and all other customers. It supports the staff such as the financial staffs, the security, procurement, legal and technical information services we have at DNA. Additionally, it supports the necessary elements such as buildings, communications, printing, and transportation that we require to do our job.

We believe we have one of the most effective technical organizations and one of the most cost effective operations in the Government. As witness to this I would point out that the strategic defense initiative asked us to direct and manage more than $60 million worth of their 1985 work which was technically related to our experience but not a part of our ongoing programs.

I am aware of this subcommittee's very appropriate concern that readiness of forces be a major consideration in application of the Defense Department's operating funds. Much of our RDT&E Pro-

gram is indeed slanted toward engineering developments which will not come to fruition for some years hence. As a current example, I would like to point to our cooperative program with the Air Force for validation of the two basing concepts for the small ICBM which will have its Defense Systems Acquisition Review Council [DSARC] decision in 1986. Both of these concepts were an outgrowth of DNA research, and we are working closely with the Air Force to prove them out and select the best approach.

In closing I would like to point out some examples of how DNA research is being applied very quickly to enhance the teeth of our military forces.

We use RDT&E funds to improve the survivability of Army field command functions. An example of that is an effort we worked out with the V Corps in Germany to provide a proof-of-principle demonstration of use of off-the-shelf microcomputer hardware to enable a command group to be widely dispersed and still operate effectively. This demonstration was very highly successful.

We have used our expertise to help the joint strategic target planning staff to reduce by a large factor the time required to revise the Nation's strategic nuclear operations plans.

DNA has provided operational forces a program to rapidly generate tactical nuclear weaponeering solutions. It provides strike planning staffs the ability to optimize aimpoints within operational constraints of delivery systems, weapon availability, and tolerable collateral damage.

DNA has developed programs for hand-held calculators which are in routine use to provide operational nuclear weapons effects data at many operational levels up to and including the SAC Airborne Command Post.

We provide close support to the Supreme Allied Commander, Europe in his efforts to select the most vital nuclear weapons to retain onsite in the European theater.

Mr. Chairman, it has been a privilege to have the opportunity to present some aspects of our work. We believe that we are making an indispensable contribution to the national defense and to deterrence.

I would be pleased to answer any questions you may have at this time.

PREPARED STATEMENT OF LT. GEN. RICHARD K. SAXER

Mr. Chairman and Members of the Committee: I am Lieutenant General Richard K. Saxer, Director of the Defense Nuclear Agency (DNA). It is a pleasure for me to appear before this Subcommittee today. To place our operations and maintenance (O&M) program in context, I would first like to discuss very briefly the overall mission of DNA. Then I will discuss how our O&M budget is applied to support this mission and then give some specific examples of how our work enhances a most essential element of our national strength which this Subcommittee is concerned with—the readiness of our forces.

DNA is concerned with all things nuclear in the Defense Department. While the Department of Energy develops and builds nuclear weapons, we determine their effects, help provide guidance to DoE on the direction for future developments, determine how to make U.S. military systems survive the effects of enemy weapons, assist the military services in optimum applications of our own weapons, and provide for the entire Defense Department the necessary services to ensure day-to-day control, safety, security, and logistics support for America's nuclear deterrent.

A central fact to recognize about DNA is that 89 percent of our total budget request for Fiscal Year 1986 is in the Research, Development, Test, and Evaluation

(RDT&E) program. For many years, the largest mission of the DNA has been research on the effects of nuclear weapons and the application of that knowledge to military systems, plans, and policy. Our RDT&E program covers a very broad spectrum of activities ranging from application of some of the world's most advanced computer codes to execution of underground nuclear tests in Nevada. While the basic mission is unchanged, the technical thrust of the program continually evolves to keep pace with and anticipate new nuclear weapon designs, new military weapons systems, and changing tactics, strategy, and defense policy. Because we have an enormous background in areas of major national importance and because we have the track record of a group who clearly excel at what we do, significant new missions have been added to an already extensive technology program. DNA stands proud of this record of accomplishments.

The prime objective of our overall DNA program is to provide the means for enhanced deterrence. The products of our research must lead to applications so that our nuclear forces around the world will survive a first strike and retain operational capability. In any event, we must insure that a command structure will survive intact to control our forces. For deterrence to be credible, there must be a strong and continuing program of nuclear effects research, testing, and systems applications, evolving far ahead of the pace of weapons development in the world.

SUMMARY OF DNA'S BUDGET

The Defense Nuclear Agency's total FY 1986 budget request is $433,843,000. Eighty-nine percent of this budget is for our RDT&E program, ten percent is for our O&M program and the remaining one percent is for procurement.

APPLICATION OF THE O&M BUDGET

To provide the best overview of how we apply our O&M account, I will first discuss several missions which are paid for directly by O&M:

Nuclear Stockpile Management

One of DNA's very important jobs is to provide consolidated management of all nuclear weapons in DoD's stockpile. This mission, worldwide in scope, requires DNA to maintain overall surveillance and provide guidance, coordination, advice or assistance, as appropriate in managing all nuclear weapons in DoD custody from completion of production by DoE through retirement. DNA, as the exclusive source of data for the complete stockpile, performs this function by maintaining and operating the national nuclear weapons accounting and reporting system. This system is supported by the World Wide Military Command and Control System (WWMCCS) and enables DNA to provide timely, accurate, and complete data on each weapon in the stockpile—including serial number, location, configuration, and condition—to assure that the status of all DoD nuclear weapons is known at all times. We provide daily reports to the Joint Chiefs of Staff on the status of all nuclear weapons in America's arsenal and have the capability, exercised frequently, to conduct an emergency verification of their status in case this should be needed. At a time of heightened tension, we would be an important part of the crisis management capability of the JCS.

Johnston Atoll Operations

When the Limited Test Ban Treaty was ratified in 1963, banning atmospheric nuclear testing, Congress mandated four safeguards to ensure that America maintained a strong nuclear deterrent. Safeguard C called for a continuing capability to resume atmospheric testing if it should be necessary, and as a deterrent to Soviet abrogation of the treaty. One of the pillars of Safeguard C is the retention by DoD of a unique and isolated property, Johnston Atoll in the Pacific, as a base for nuclear testing operations. Other uses are permitted if they don't preclude the primary mission. DNA hosts other tenant activities, primarily the Army, who store chemical weapons, and is preparing to demilitarize them on the island. These tenant activities, which are necessary and important in their own right, require maintenance of a basic infrastructure that will be in place when needed if Safeguard C is ever implemented.

Nuclear Weapons Technical Inspection System

A small but important part of our O&M budget supports inspections of Army, Navy, Air Force, and Marine Corps units that have a capability to store, transport, or employ nuclear weapons. DNA looks at about 20 percent of these service units each year to ascertain their continued ability to safely maintain, securely protect,

and/or reliably use nuclear weapons which may be entrusted to the units. Each of the services uses their own inspection teams to look at these units between DNA inspections.

As the nuclear weapons technical inspection arm of the Department of Defense, DNA provides an independent assessment of nuclear capabilities. Because we enjoy a short, high-level chain of command, the DNA inspection system ensures that immediate remedial action is taken to resolve any problem areas we identify. Each DNA inspection team consists of five well-qualified and highly-experienced officers headed by a Colonel or Navy Captain. Each team includes nuclear weapons security, technical operations, administrative, and personnel reliability expertise. We keep five inspection teams in a travel status 50 percent of the time to accomplish the inspection schedule. This schedule takes the inspectors wherever there are units of the Armed Forces with a nuclear mission. The results of these inspections are a vital element in enabling field commanders to assess and improve their readiness.

Nuclear Weapon Accident Exercises

While every conceivable precaution is taken to make our nuclear weapons operations as safe and secure as humanly possible, it is only prudent for the Government to be prepared for the remote possibility of an accident. DNA sponsors a series of Nuclear Weapon Accident Exercises also involving the Department of Energy, the Federal Emergency Management Agency and state and local activities, to increase the Federal Government's capability to respond effectively to an accident involving a nuclear weapon and to refine procedures for achieving maximum federal-civil coordination at such an accident. These exercises are conducted in a "no-fault" environment in order to realistically evaluate interagency relationships, and effectively coordinate remedial actions to improve the response of individual agencies. In 1979, 1981, and 1983 we conducted major exercises at the Nevada Test Site. Beginning in 1985, we are planning smaller exercises at a variety of locations so operational commands and staffs can be more closely involved.

Support of RDT&E and Management Operations

I have just discussed some of the important tasks of DNA which are funded exclusively by O&M accounts. As I mentioned earlier, however, 89 percent of our FY 86 request is in the RDT&E category. A significant fraction of our O&M provides the "lean and mean" operation which directs this multi-hundred million dollar RDT&E program and applies its results to overall defense problems. O&M provides for:

A Headquarters DNA group of professionals which determines the work to be done, selects and guides the performers, and transmits the results in real time to DoD decision makers, system project offices, field commanders, and all our other customers.

Supporting staffs such as financial, security, procurement, legal, and technical information services.

Such necessary elements as buildings, communications, printing, and transportation.

We believe we have one of the most effective, and one of the most cost-effective, R&D operations in the Government. As witness to our reputation, I would point out that the Strategic Defense Initiative Organization asked us to direct and manage for them over $60 million in FY 1985 work which was technically related to DNA experience but not a part of our on-going programs.

I am aware of this Subcommittee's very appropriate concern that readiness of forces be a major consideration in application of the Defense Department's operating funds. Much of our RDT&E program is indeed slanted toward engineering developments which will not come to fruition for some years hence. As an outstanding current example, I would point to our cooperative program with the Air Force for validation of the two basing concepts for the small ICBM of the 1990's. Both of these concepts were outgrowths of DNA research, and we are working very closely with the Air Force to prove them out and select the best approach.

In closing I would like to point out some examples of how DNA research is being applied very quickly to enhance the teeth of our military forces:

To imprive the nuclear survivability of Army field command functions, we worked with the V Corps in Germany to provide a proof-of-principle demonstration of use of off-the-shelf microcomputer hardware to enable a command group to be widely dispersed. This demonstration was quite successful.

We have used our expertise to help the Joint Strategic Target Planning Staff to reduce by a very large factor the time required to revise the nation's strategic nuclear operations plans.

DNA has provided operational forces a program to rapidly generate tactical nuclear weaponeering solutions. It provides strike palnning staff's the ability to optimize aimpoints within operational constraints of delivery systems, weapon availability, and tolerable collateral damage.

DNA has developed programs for hand-held calculators which are in routine use to provide operational nuclear weapons effects data at many operational levels up to and including the SAC Airborne Command Post.

We provide close support to the Supreme Allied Commander, Europe, in his selection of the most vital nuclear weapons to retain on-site in the European Theater.

Mr. Chairman, I am privileged to have had the opportunity to present some aspects of the Defense Nuclear Agency's work. We believe that we are making an indispensible contribution to the national defense and to deterrence. I would be pleased to provide any additional information you may require.

Mr. DANIEL. Thank you, General.

You indicate in your statement that the Defense Nuclear Agency is responsible for administering the ~~inspection~~ program for nuclear weapons held by the military services. What exactly are you examining, and how do you use the results?

INSPECTION OF NUCLEAR WEAPONS

General SAXER. We go to all the units worldwide, as I stated, Mr. Chairman, and look at the technical work they perform on the weapons, and the normal maintenance and procedures they use to keep those weapons in a first-rate shape. We inspect their security arrangements to be sure they are in fact proper. We look at their safety procedures and we look at their personnel systems to make sure that only people that are qualified and present minimum security risk work with nuclear weapons. So it is sort of a total inspection of our nuclear capabilities and our nuclear units worldwide.

Mr. DANIEL. Would you tell the subcommittee—you indicated in your statement that DNA is responsible with providing the military services to provide information to assure the safety of nuclear weapons. How safe are nuclear weapons against a very determined saboteur?

General SAXER. I think nuclear weapons are very safe. I would not want to put a number on it, but I think we have enough built-in safety procedures with weapons and with our permissive action links to assure you that they are indeed almost 100-percent safe.

Mr. DANIEL. Mr. Martin.

Mr. MARTIN. No questions.

Mr. DANIEL. Mr. Kasich.

Mr. KASICH. I will yield to Mr. Hutto. I would like to come back.

Mr. HUTTO. Just one question. How do you interface with DARPA on your research? Do you work with DARPA?

General SAXER. We work with them on a few programs of a joint nature, and we have committees of course who oversee those works which if they are in common interest we proceed together. Most of our work, as I stated in the testimony, is indeed peculiar to DNA and the nuclear community, because we are effectively concerned with the effects of nuclear weapons and studying the effects of those effects on our weapons and our offensive systems. So we have very little in common and very little efforts we pursue jointly.

Mr. HUTTO. Most of your research is done in-house?

General SAXER. No, most of it is done on contract, Mr. Hutto.

Mr. HUTTO. Thank you.

Mr. DANIEL. Mr. Kasich.

Mr. KASICH. Mr. Chairman, thank you.

General, nice to have a Buckeye here. That is right, right?

General SAXER. I notice you were from Westerville. I went to Ohio State for a couple years and lived at Worthington, so we are practically neighbors.

Mr. DANIEL. If you could not go to Virginia, that is all right.

Mr. KASICH. RDT&E funding overall in the Secretary's annual report to the Congress is going to increase from 1982 to 1985 in current dollars of about $11 billion, and we are asking for another $8 billion increase between 1985 and 1986. That is a total of $19 billion increase since 1982, which is a hefty chunk of money, and particularly the $8 billion we are going to go between the 2 fiscal years. I wonder if you could tell us what is the increase in your RDT&E budget—I know that it is not under this subcommittee. If you have the numbers I would like to have them.

General SAXER. I have my numbers. In fiscal year 1985, we have $353,889 million; in fiscal year 1986 our program is going to $384,361 million.

Mr. KASICH. OK.

Thank you, Mr. Chairman. That is the only question I have.

General SAXER. Thank you.

Mr. DANIEL. Do you have any additional questions?

Mr. HUTTO. No questions.

Mr. DANIEL. We will have to leave in just 1 second, but let me ask you about your request for funds that includes dollars for audit investigative activities including investigations with respect to the IG. One of the things that bothers us is that the IG reports seem to find their way into the press before responsible congressional committees, including this subcommittee, are aware of the report.

I would appreciate it if you and a representative of the IG's office would work with our staff to see that the committee receives copies of these reports as they are issued.

Mr. DUBE. I see no reason why we could not arrange that. Presumably if they are released to the press they are released everywhere.

Mr. DANIEL. But normally they are not released to the press, they uncover them. There is a big story in the Washington Post this morning about it. We were not aware of this. Did you see the article?

Mr. DUBE. Yes, I saw the article, and I do not know what the status of that is and whether that is a close-to-final report or how it would get out. I am not sure whether it was an unauthorized disclosure or not.

Mr. KASICH. I have one question, Mr. Chairman.

Mr. DANIEL. I yield to the gentleman.

Mr. KASICH. I would like to know what you would do if we tried to reduce O&M. funding levels down to about a 4-percent increase, where you would make your cuts, and what areas you would suggest this subcommittee look at.

Mr. DUBE. And you will be disappointed with the answer.

Mr. KASICH. But not surprised.

Mr. DANIEL. We will have two additional votes, at least we think we will, so I expect perhaps it might be well to adjourn, and we will submit questions we have left for the record. We will ask you to respond to them as promptly as you can.

Mr. KASICH. Will we have a hearing on the secret part of their operation at all?

Mr. DANIEL. You mean the general's operation? That is under RDT&E.

Mr. KASICH. Not just that, but the biggest increase in the budget comes from the National Security Agency, the DIA, and DCA. I wonder whether we would have a separate hearing to consider that. That is the largest increase in the budget, which is 43 percent. I wanted to ask them why we needed to have that kind of money. I wonder if sometime whether we would do that.

Mr. DANIEL. We do not have a meeting scheduled for that. You can certainly get a briefing on it anytime you want to.

Mr. KASICH. All right.

Mr. DUBE. We would be happy to arrange whatever the subcommittee desires or any individual member desires.

Mr. KASICH. OK.

Mr. DANIEL. Thank you very much, gentleman. We appreciate your attendance. We will have a raft of questions to present to you for responses.

[The following questions were submitted to the witness to be answered for the record:]

Foreign Currency Rates

QUESTION: On page 2 of your prepared statement, you indicate that foreign currency exchange rates were formulated in a different fashion in putting together the Fiscal Year 1986 request. How was this done and what difference does it make?

ANSWER: Historically, the O&M budget is priced based on the foreign currency rates in effect at the time of completing the budget formulation. In pricing the FY 1986 budget it was decided to employ the same rates that the Congress approved for execution of the FY 1985 budget. Accordingly, the FY 1986 request does not reflect additional costs for those programs priced using foreign currencies.

Fuel Costs

QUESTION: On page 2 of your prepared statement, you discuss the price of fuel from the Stock Fund for Fiscal Year 1986. Does the price $34.02 reflect recent cuts in OPEC prices and, if not, what impact would the lower prices have on DoD fuel purchase in Fiscal Year 1986?

ANSWER: The composite price of $34.02 per barrel takes into consideration the decline in stock fund fuel costs since FY 1984. The cumulative composite stock fund fuel price for FY 1984 through FY 1986 per barrel is $38.18, $36.12 and $35.70 respectively. This decline reflects pricing fluctuations in world market rates which includes the impact of OPEC price reductions.

Civilian Pay Cut

QUESTION: What is the dollar value of the 5% civilian pay cut and how is it reflected in the O&M request? Is it reflected in the Industrial Fund rates? If Congress should elect not to go along with this pay cut, how will the Department of Defense propose to provide the necessary additional O&M funding?

ANSWER: The dollar value of the 5% civilian pay cut is approximately $1.142 billion of which $971.3 million has been reflected in the individual O&M accounts.

The civilian pay reduction has been incorporated into the Industrial Fund rates and the applicable appropriations have been reduced by $345.1 million of which the major share is included in the O&M reduction.

If the Congress should not approve this pay reduction, the Department would have to finance the restoration of the $1.1 billion by deferring programs which will have an adverse impact on modernization, readiness and sustainability of the force.

The Department would prefer that the Congress increase the O&M appropriations by $1,031.2 billion in order to maintain materiel readiness and sustainability improvements already realized. The amount reflects full funding of the 5% reduction related to the industrial funds in the O&M accounts. This amount would be handled as passthrough to the industrial funds in accordance with current policy and Defense/Congressional understanding.

Reliability Centered Maintenance

QUESTION: To what extent has the Department of Defense been able to successfully apply the Reliability Centered Maintenance concept and when will full implementation of the Defense directive issued in August 1984 be accomplished? What savings have been realized to date and how are such savings reflected in the fiscal year 1986 request?

ANSWER: The Reliability Centered Maintenance (RCM) concept is fully implemented. It applies to aircraft in each of the Services, to ships in the Navy, and to combat vehicles in the Army. Guidance to the Services to implement RCM was provided initially in 1977. The August 1984 directive referred to above formalizes policy already implemented by the Services. RCM savings are not specifically identified in the budget process; savings and cost avoidances which have been realized as a result of RCM are reflected in budgeted programs and estimates of requirements.

Asset Capitalization Program

QUESTION: As you are well aware, Congress mandated that the asset capitalization program be funded on a ramp of 3% of industrial fund revenues in FY 1985, 4% in FY 1986 and 5% in FY 1987. Does the FY 1986 request reflect this increase and, if not, why not? What additional funding would be required to bring the asset capitalization program to the congressionally mandated level of 4% of revenues in FY 1986?

ANSWER: The Asset Capitalization Program (ACP) is funded at a level which exceeds 3% of revenue in FY 1985 and 4% of revenue in FY 1986 for industrial-type activities. These amounts were determined based on equipment requirements, relative priorities, a reasonable expectation that the equipment can be procured within the budget timeframe, as well as considerations of affordability. The Department believes that these considerations, rather then a percentage of revenue, should be the basis on which ACP levels are established.

Total ACP amounts for all industrial fund activities, both commercial-type and industrial-type activities, equate to 2.8% and 3.3% of projected revenues in FY 1985 and FY 1986, respectively. Additional DoD resources, or program reductions, totalling approximately $50 million in FY 1985 and $180 million in FY 1986 would be required if nonindustrial-type activities were included in the base for determining minimum ACP amounts. Some of these activities, however, do not participate in the ACP program. For others, a large share of the workload is accomplished through contracts with the private sector rather than through the use of DoD manpower and facilities. Including these revenues within a base for ACP amounts may be inconsistent with the intent of the Congress.

Other congressional restrictions mandate that resources required to finance ACP purchases be included in the Department's budget. This is primarily accomplished through the use of a surcharge. Mandating a specific level for the Department's industrial fund ACP program has the secondary impact of mandating a certain amount of appropriated fund resources be allocated for the ACP program. DoD appropriated funds, including those provided to industrial funds for ACP purposes, should be allocated based on program priorities. Mandating a minimum ACP level could potentially place industrial fund requirements above other national security needs which should enjoy a higher priority. Such an unintended result may not be totally consistent with the desires of the Congress.

In establishing its budgeted ACP level, the Department considers the various conditions of local facilities, mission requirements, safety and health needs, as well as fiscal constraints and program priorities. The Department believes that ACP funding levels should be established based on factors similar to those used by the Department, rather than on a percentage of

revenue basis. Accordingly, the Department recommends that Section 305 of the FY 1985 DoD Authorization Act be amended or repealed to eliminate the requirement for minimum ACP levels.

Audit and Investigative Activities

QUESTION: Your request for funds includes dollars for increased audit and investigative activities, including the Office of the Inspector General (IG).

One of the things that bothers me is that the IG reports seem to find their way into the press before responsible congressional committees, including this subcommittee, are aware of the report.

I would like for you and a representative of the IG's office to work with the staff to see that the committee receives copies of these reports as they are issued.

ANSWER: The Inspector General's policy has always been to provide any member or committee of Congress with any of his final audit reports requested by them. Currently, he sends copies of all final audit reports as they are issued to the chairmen of six committees in both the United States Senate and House of Representatives. These are:

Senator Mark O. Hatfield
Chairman, Committee on Appropriations
Senator Barry M. Goldwater
Chairman, Committee on Armed Services
Senator William V. Roth, Jr.
Chairman, Committee on Governmental Affairs
Congressman Jamie L. Whitten
Chairman, Committee on Appropriations
Congressman Les Aspin
Chairman, Committee on Armed Services
Congressman Jack Brooks
Chairman, Committee on Government Operations

The Inspector General would be pleased to add your committee on those receiving copies of all final reports, if you so desire. Your staff can call Mr. Alvin Tucker at 697-9288 to make this arrangement.

DODIG Findings

According to a story in today's Washington Post despite a shortage of more than 50,000 GI helmets, the DoD Inspector General found that the Army scrapped 141 GI helmets worth about $2,300 that were in good shape, and demilitarized with an acetylene torch an unknown number of serviceable helmets at a Defense Property Disposal Office in West Germany. These incidents occurred during the period the DoD directed moratorium on disposal actions was in effect.

QUESTION: How did this happen during a period whin extra precautions were being taken to prevent such occurrences?

ANSWER: The DoD directed moratorium on the disposal of assets did not prohibit the disposal of unserviceable (condemned) items. The Army had disposed of the helmets in a supply condition code "H", Unserviceable (Condemned) thus allowing these items to be turned into the Defense Property Disposal Office. The DoD Inspector General ascertained that the helmets were actually in supply condition Code "A", Serviceable (Issuable Without Qualification) and should not have been coded as unserviceable.

QUESTION: What degree of confidence do you have that the

services are not continuing to throw away new and serviceable equipment?

ANSWER: There is relatively low confidence that the military services have completely corrected the problem of new, serviceable equipment being thrown away. However, there is very high confidence that activities of the Inspectors General and others are continuing to bring very high level management emphasis to bear on this problem. The magnitude of this problem has been reduced greatly in the recent past and the Department will continue to work to eradicate this problem.

QUESTION: Does the DoDIG feel this problem has been eliminated?

ANSWER: The initial findings of the ongoing inspection of the property disposal system have clearly demonstrated that this problem has not been eliminated.

Economic Assumption Savings

QUESTION: Last year significant savings in the O&M account became possible as a result of a combination of higher than budgeted profits in the stock funds, the strength of the dollar overseas, and lower than projected fuel costs. What actions have been taken in the preparation of the request to anticipate similar savings in Fiscal Year 1986?

Do you feel that further significant savings are possible if the dollar continues to strengthen in the world currency market and fuel prices continue to drift downward?

ANSWER: In formulating the budget request for FY 1986, the Department assumed that the value of the dollar overseas would continue to gain in value and at the time of execution would have the same value as the foreign currency exchange rates approved for execution of the FY 1985 program. It is very difficult to project what the value of dollar will be next fiscal year. However, if the dollar overseas continues to strengthen as compared to our current budgeted rates, then, the excess funds will be transferred to the Foreign Currency Fluctuations, Defense appropriation. Conversely, if the dollar weakens when compared to the current budget rates, then the Foreign Currency Fluctuations, Defense appropriation will finance the losses.

The FY 1986 fuel price reflects a projected decrease in FY 1986 stock fund procurement cost for fuel. The cumulative composite stock fund fuel price for FY 1984 through FY 1986 per barrel is $38.18, $36.12 and $35.70 respectively. The FY 1986 fuel price anticipates world wide fuel market prices, however it is difficult to project further softening of FY 1986 prices as a result of actions on the part of fuel producing countries.

Enlisted Barracks Standardization

QUESTION: Secretary Weinberger's annual report indicates that there is a backlog of 330,000 barracks spaces needing improvement or modernization. If one visits various DoD installations there appears to be a wide disparity in barracks standards. Is there a DoD wide standard for troop barracks and is there any attempt to balance improvement funding so that each service improves at a similar rate?

ANSWER: Yes. There are DoD minimum adequacy standards for existing troop barracks and standard design criteria for new construction of unaccompanied personnel housing. These minimum adequacy standards are quantitative in nature and relate to structure, and size of the living quarters to include the privacy

of the restroom facility. Additionally, DoD is modifying the minimum adequacy standards to include qualitative factors such as the kind of furniture and services that should be provided.

The DoD does not attempt to balance the funding among the Services because the Service inventories vary considerably due to size, location, age, and condition. The Services consider each of these factors when determining the proper funding level.

Nominal Growth Rate Disparity

QUESTION: In a quick review and comparison of the nominal growth rates for the O&M accounts of each of the Services and DoD Agencies, there seems to be quite a disparity. As I calculate it, the Air Force is 8.9%, the Army 8.5%, the DoD agencies as a group 5.4%, and the Navy 1.8%. Can you tell us why there is such disparity in these growth rates?

ANSWER: By looking at nominal growth from FY 1984 through FY 1986, a different picture from the one between FY 1985 and FY 1986 emerges. Over the longer period Army's growth was 16.7%; Navy's 17.3%, Air Force 17.7% and Defense Agencies 17.8%. However one must look at the segments that comprise growth and requirements for each Service.

The nominal growth rates include price growth, program growth and transfers. Price growth includes the other purchases inflation rate as well as industrial fund and stock fund rates which vary between Services. For example, the rate between FY 1985 and FY 1986 for purchases from the Navy stock fund is -11.8% while the Air Force stock fund rate is -20.1% and the Army is -6.1%. As a result, even with no change in the quantity of stock fund purchases, the dollars would vary from Service to Service as a result of price fluctuations.

In addition, the composition and phasing of program requirements varies from Service to Service. For example the Navy is extending the operating cycles for certain classes of ships so there are fewer overhauls in FY 1986 than in prior years. This does not impact on Navy's readiness posture or its ability to perform its mission but it does have a negative impact on FY 1986 resource requirements. At the same time Air Force requirements are increasing as the space support programs such as the Consolidated Space Operations Center (CSOC) becomes operational and shuttle activity increases. Army requirements are increasing with activation of new light infantry divisions and the fielding of new or modernized equipment.

Nominal growth is also affected by transfers. For example $530 million has been transferred from the other procurement accounts to the O&M accounts to support the proposed change in investment/expense criteria. The amounts vary by Service. The Navy is financing aviation depot level repairables (AVDLR's) in O&M beginning in FY 1985. The AVDLR's were issued free prior to April 1985, now they are to be purchased from the stock fund. Because the initial inventory is a free asset to the stock fund, the stock fund will issue credits to the customer (primarily O&M) to prevent a cash buildup in the stock fund. As a result of the credit, OMN will receive about $600 million from the stock fund and thus reduce resource requirements without affecting program accomplishment.

In summary the disparity between the Services is the result of different price changes between the Services, the magnitude of transfers in and out of the O&M appropriations and the composition and phasing of requirements for each Service.

Environmental Restoration

QUESTION: In your statement you indicate that the Defense Department plans to spend $329 million this year on the Environmental Restoration Program. You further indicate that $42.4 million of the growth in the Defense Logistics Agency supports this program. Can you tell us how DLA is involved in environmental restoration and give us some examples of projects in their program as well as examples in the individual Service programs?

ANSWER: The Defense Logistics Agency (DLA) is responsible for expediting hazardous waste disposal, improving regulatory compliance, and reducing construction costs for storage projects. The Defense Property Disposal Service, headquartered in Battle Creek, Michigan has the worldwide mission for disposal of a majority of DoD's environmentally-regulated wastes. Some projects included in DLA's environmental restoration program are restoration of contaminated groundwater sites in Richmond, VA; disposal of hazardous and toxic wastes; cleanup fuel contamination in Ozol, CA; and increase the Phase II effort of groundwater cleanup in Ogden, UT.

Examples of Army environmental restoration projects include groundwater contamination control and source removal in Cornhusker, NE; development and application of decontamination technology for soil and groundwater in Twin Cities, MN; and environmental contamination studies at the Rocky Mountain Arsenal in CO. Also, includes initial assessments at formerly used sites, building demolition, debris removal, and other hazardous waste operations.

The Navy's environmental restoration program includes installation restoration projects in Guam; Concord CA; Corpus Christi, TX; Pearl Harbor, HI; and Cherry Point, NC. Building demolition and debris removal activity includes Lemore, CA; Great Lakes, MI; and Mechanicsburg, PA.

Some Air Force environmental restoration projects include remedial action at McClellan AFB, CA; groundwater cleanup at Dover AFB, DE and Castle AFB, CA; POL contamination cleanup at McGuire AFB, NJ; and groundwater contamination removal from sludge lagoons and initiate groundwater treatment system at Norton AFB CA.

Uninterrupted Power Supply for Computers

QUESTION: In your statement you made several references to computer automation upgrades. I'm concerned about the Defense Department's policy regarding uniform standards for insuring an uninterrupted power supply for the numerous computers throughout the Services. I'm further concerned about the Department's policy regarding maintenance programs for all these computers. What can you tell us regarding the policies and standards for power supplies and maintenance programs.

ANSWER: Provision of an uninterrupted power supply (UPS) for a computer installation is costly both in initial investment and continuing maintenance requirements. Therefore, the Department has provided for individual review of each installation to insure that uninterrupted power is provided only to those sites which are critical to military operations or command and control. It is a normal part of any computer dependent site to plan for alternate processing at backup locations or maintain records and files in such a way that information lost in a down period can be rapidly reconstructed. While some cost is experienced in such instances, it is generally more cost effective to bear that cost

than provide for uninterrupted power at locations which do not experience unusual power problems or are not critical to military operations. Therefore, the Department identifies the potentially critical sites, assesses the need for uninterrupted power and provides for those sites where justified. We recognize that with the Department's growing dependency on computers, it will probably be necessary to expand the use of UPS in the future.

Contract computer maintenance support is generally used throughout the Department except at those locations where military operations justifies the use of military personnel. Typically, tailored maintenance arrangements result from a matching of our needs (i.e., on site residency, twenty four hour on call service, etc.) with those options available from our contractors.

O&M Growth Due to Funding Migration

QUESTION: An analysis of this year's budget request indicates that there has been considerable funding migration from the various "Other Procurement" accounts to the "O&M" accounts. What is the total dollar value of the migration and what is the rationale behind it? Why wasn't congress briefed or consulted regarding this proposal before the submission of the budget? Finally, why hasn't consistent DoD guidance on this change been issued and uniformly applied by the Services in the preparation of their budget request?

ANSWER: The FY 1986 President's budget request includes a net increase of $486.2 million in the O&M accounts resulting from migration of funding responsibilities between the Procurement and O&M accounts. The largest single change in this net figure is an increase of $529.7 million into O&M associated with redefinition of the criteria determining whether a cost is categorized as an investment and funded by the Procurement appropriations or as an expense and funded by the "O&M" accounts. In the past, categorization of purchases as expenses or investments centered around the unit cost of the item being purchased. Under the revised criteria, categorization of costs as expenses or investments will not be determined by unit cost thresholds but by centralized management and asset control. An item of equipment will be classified as an investment if management of that item dictates that requirements are determined centrally and assets are allocated and continue to be accounted for centrally by a single manager.

We are proposing the change in criteria to realign funding authority with organizational responsibility at the local level. The new criteria will provide the local manager with greater flexibility by allowing him to use O&M funding to purchase non-centrally controlled equipment in the current fiscal year, eliminating uneconomical lease costs and avoiding the higher procurement cost which would be caused by inflation if purchase of the equipment was delayed until procurement funds could be made available.

Although the redefinition of the expense/investment criteria will cause a significant shift in funding responsibility from the Procurement to the O&M accounts, the change will not cause an increase in total Defense resources. Accordingly, the Department felt that the revised criteria should be presented and justified during the normal budget process. Uniform DoD guidance on the change in funding criteria was provided to the Services and the Defense Agencies in November 1984. At that time, the Services were asked to assess the financial impact of the proposed change in criteria and to identify those funds which would migrate from

the Procurement to the O&M accounts as a result of the change. The Department's FY 1986 request was subsequently adjusted to reflect the migration identified by the Services. A perceived inconsistency in the application of the DoD guidance stems from differences in the organizational structures of the Services.

Real Property Maintenance

QUESTION: One of the initial concerns of this subcommittee from its creation was the backlog of Real Property Maintenance (RPM) and how it was degrading the readiness, retention, and qualify of life of our military personnel. Even before the subcommittee was formed, Congress established a containment level to try to control the steady growth of this backlog. How does the fiscal year 1986 request address this problem? Is the backlog growing or shrinking, and when will DoD reduce it to the congressional containment level?

ANSWER: As you are aware the Department has made major increases to its RPM program in recent years. Overall funding for RPM is up over 40% since 1981. This increased level of funding has permitted the Department not only to take proper care of its facilities but also to make badly need improvements in the living and working conditions of Defense personnel.

The Backlog of Maintenance and Repair (BMAR), which because of measurement difficulties is a less reliable indicator of progress than funding, also shows improvement. Prior to FY 1982 the BMAR had increased continuously to over $3.9 billion. This growth was stopped in FY 1982 and the BMAR is projected to decrease below $3.5 billion in FY 1985.

FY 1986 the budget essentially continues RPM funding in real terms at the FY 1985 level. Though this level of funding provided for a decrease in the BMAR in FY 1985, the BMAR reflects an increase of about $100 million in FY 1986.

The Department recognizes the need to maintain its facilities properly and to continue to improve their condition. To achieve these objectives, we attempt to provide 3% real growth in the level of RPM funding. Because of competing priorities, we were not able to meet this goal for FY 1986. In terms of the BMAR, only the Army expects to reduce its BMAR to the congressional containment level during the current Five Year Defense Program.

American Forces Information Service

On Page 8 of your statement you asked for $3 million in program growth for the American Forces Information Service for a management information system and additional spot announcements.

QUESTION: What kind of information system are we talking about?

ANSWER: The Management Information System project referred to is for Automated Data Processing (ADP) system development and implementation services in support of world-wide management requirements of the Armed Forces Radio and Television Service (AFRTS). It is through this tool that the American Forces Information Service (the responsible activity) will provide for consolidated management of resources throughout the AFRTS activity in order to assure compatibility of systems, sharing of resources, and to maximize the use of available capacity. The project has been in planning for over two years. The first phase is being implemented in FY 1985. During FY 1986, AFIS plans to complete the system.

QUESTION: Why are additional funds needed for spot announcements?

ANSWER: The increase in the AFRTS spot program is for one additional spot series needed to cover mounting requests from the Military Services for effective internal information messages in both radio and television programing. The series will consist of internal information subjects such as: Operation Security, Leadership, Total Force, Military Education.

QUESTION: How much appropriated funds are being requested for the operation of the Stars & Stripes newspaper, a nonappropriated fund activity?

ANSWER: Total appropriated fund support for both European and Pacific Stars and Stripes in FY 1984 was $8.950 million. Some 86% of the cost of operating the Stars and Stripes is provided through purchase of the newspaper, books and magazines, and job printing by DoD personnel and their dependents overseas. Informing DoD forces overseas would be a higher cost to the taxpayer if DoD personnel did not pay most of the cost themselves. Stars and Stripes has an appropriated fund mission requirement to provide a cross-feed of military information to deployed forces. No significant program growth is expected in FY 1985 and FY 1986.

Civilian Personnel

QUESTION: As you know, the Fiscal Year 1985 Defense Authorization Act prohibits the use of civilian end strength ceilings as a tool to manage civilian personnel. What impact has this change had upon civilian manpower levels and do you find any evidence that would support the reimposition of civilian end strength ceilings in Fiscal Year 1986?

ANSWER: The lifting of civilian manpower ceilings enables the Department to manage its civilian work force efficiently and economically. I find no evidence that supports the reimposition of civilian end strength ceilings in FY 1986. However, it is still too early in the fiscal year to fully assess the situation. For the first time, however, the Department will be able to determine its level of civilian employment based on the funded workload instead of end strength controls and avoid the costly procedure of terminating non-full-time employees on the last day of the fiscal year to meet end strength controls.

Mr. DANIEL. Thank you, again.

[Whereupon, at 3:45 p.m., the subcommittee was adjourned.]

OSD AND ARMY READINESS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Wednesday, March 6, 1985.

The subcommittee met, pursuant to call, at 2 p.m., in room 2337, Rayburn House Office Building, Hon. Dan Daniel (chairman of the subcommittee) presiding.

STATEMENT OF HON. DAN DANIEL, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. DANIEL. The subcommittee will be in order.

Today the subcommittee begins its overview of defense readiness trends which will update the testimony we received last year. Our first witness is the Honorable Lawrence J. Korb, Assistant Secretary of Defense (Manpower, Installations, and Logistics) who is the Department's senior spokesman for readiness.

Before I call on Mr. Whitehurst for his remarks I wish to briefly review the basic objectives of these hearings.

First, we want to continue to build a data base on readiness trends and highlight recent readiness initiatives.

I want to say at the outset that, despite much of what we have read in recent months, there is no doubt in my mind that there has been a marked increase in our military readiness and capabilities since 1981. I know this because I have visited the units in the field. I have seen first hand the more modern and capable weapon systems and equipment that have been deployed in recent years. I have talked with the highly qualified men and women who are leading and serving in those units. The Department has an impressive story to tell and it should be a part of the public record.

On the other hand, some serious deficiencies remain and we have to know what still needs to be done to address them. This should also be a part of the record.

Second, we want to look at readiness indicators and what improvements are being made to increase our ability to address the readiness payback from increased spending over the past 5 years. Much of the recent controversy about readiness has been generated by the misuse of the unit reporting system. However, our ability to answer these criticisms is seriously hampered by the absence of any simple and comprehensive readiness measurement system. In my opinion, the development of such a system is imperative if we are to avoid the counterproductive readiness debates of the past year.

Third, more than ever, we must develop a better appreciation of how the operation and maintenance accounts contribute to readiness and which programs make the greatest contributions. With the Congressional Budget Office calling for at least a $2 billion reduction in the fiscal year 1986 O&M request, and all the talk about freezing defense spending, we must be prepared to answer defense critics who claim that such reductions will not seriously damage our readiness.

Finally, we have to expand our awareness of key readiness and capability issues that cross all appropriations so that we can give them proper consideration during the committee's review of the Defense request.

In going over Secretary Korb's statement, I am gratified by his strong opposition to significant reductions in the O&M request, but I must say that the Department has not made our job any easier this year. All we have to do is find $1 billion associated with a 5-percent cut in civilian pay that has little chance of being approved, while at the same time absorbing over a half-a-billion in additional migration from the procurement accounts. Then all we have to do is fend off increasing pressure for deep cuts in the defense request, especially in outlay-rich areas like O&M that translate into immediate deficit savings. Then all we have to do is make our share of the reductions in a fashion that has the least impact on readiness.

I do not mean to be overly critical, but that is a tall order and we will need more than exhortation from the Department to make it happen. That is why these hearings are so critical. We do not have much time and we will need all the guidance we can get from the Department's readiness and O&M experts to be able to make the right choices in the weeks ahead.

Mr. Whitehurst, I would like for you to add to that, whatever you care to, at this time.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, READINESS SUBCOMMITTEE

Mr. WHITEHURST. Thank you, Mr. Chairman.

I would like to join with you in welcoming Secretary Korb this afternoon. Before I begin my remarks on readiness, I would like to share a story that I once heard.

As you may know, it is said that Gen. George Washington seldom indulged in a joke or sarcasm, but when he did, he always made a decided hit. It has been related that he was present in Congress during the debate on the establishment of the Federal Army when a Member offered a resolution limiting the Army to 3,000 men. Upon hearing this, Washington suggested to another Member that he offer an amendment providing that no enemy should ever invade the country with more than 2,000 soldiers. The laughter that followed smothered the resolution completely.

Sometimes, Mr. Secretary, I wish the Congress really could legislate the parameters of war. Unfortunately, we can't. Therefore, it is in our decided interest to be as ready as we can be for any eventuality. Readiness is the key to winning in any conflict, but more importantly, readiness is also the key to effective deterrence.

I believe our Armed Forces have made tremendous strides forward in their level of readiness in the last several years. However, I am becoming increasingly concerned about our ability to sustain that level of readiness and to keep it improving. My concern stems principally from the widening gap between the funding of our defense investment accounts and the expense accounts. You are as aware as anyone that we have made significant investments in new weapon systems and support programs each year since 1981. During these same recent years, we are spending less as a percentage of the total DOD budget, on the operations and maintenance of those areas.

In my view, if we are to prevent irreparable damage to readiness, we simply have to ensure operations and maintenance receives the level of funding it requires. This will not be an easy task to accomplish, but it is one that we must all work diligently to bring about.

Mr. Secretary, you may recall that in my opening remarks prior to your testimony last year I mentioned that being an advocate for the unglamorous readiness and O&M programs in the current fiscal environment is akin to being a member of the Light Brigade. In retrospect, I think we can safely say that readiness made it through this past year with only a few minor skirmishes in the budget reduction campaign. Your excellent leadership in all areas of readiness played an important part in limiting the damage in that campaign.

I understand that a reorganization plan which has been sent to the Congress divides the responsibility for readiness between two Assistant Secretaries with the Secretary of Defense himself acting as a sort of field marshal. I only hope that those reinforcements don't portend some catastrophic battle just over the horizon regarding readiness.

Seriously, I know that the chairman and all the members of the subcommittee join me in saying that we appreciate your fine stewardship of readiness. You really have been an excellent advocate for readiness as well as operations and maintenance. We have valued your advice in the past and we look forward to a continued relationship under the new reorganization.

Mr. Chairman, I thank you.

Mr. DANIEL. Dr. Korb, you may proceed as you desire.

STATEMENT OF HON. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE (MANPOWER, INSTALLATIONS AND LOGISTICS), U.S. DEPARTMENT OF DEFENSE

Mr. KORB. Mr. Chairman, members of the subcommittee, thank you very much. I have a prepared statement which I would like to submit for the record, and I would like to make a few remarks.

As Congressman Whitehurst mentioned in his remarks, this will be my last time to address this committee as the Department's readiness spokesman. Under the reorganization plan, there will no longer be a single spokesman or advocate. Rather, responsibility for that function will be divided by two Assistant Secretaries and will be integrated by the Secretary of Defense himself.

Since taking this position 4 years ago, I have had two goals, and I believe they have been not only shared but supported by this

committee: First, that our forces be sufficiently prepared to serve both as an effective deterrent and, if necessary, as a superior fighting force; and second, that we are allocating our defense resources and managing our programs in the most efficient and effective manner.

As to the first concern, let me state unequivocally that I agree with the chairman, that we are more ready, more sustainable, and, in fact, more capable today than we have ever been. Last year before this committee I reviewed the serious readiness deficiencies which existed in our Armed Forces only 5 years ago. We have, with your support, largely eliminated these. Despite the occasional criticism of our readiness programs, it is clear that our equipment is more operationally available, we have more and better people to operate it, and they are better trained, individually and collectively.

I have submitted for the record a detailed description of the improvements we have made in the readiness and sustainability of our forces, improvements which are at the core of Secretary Weinberger's appraisal in his annual report to you, that—and I quote:

> With regard to readiness, we are confident that we have achieved the level necessary to deter aggression today and, if necessary, to react effectively.

READINESS REPORTING SYSTEM

I believe that part of the readiness problem that arose last year resulted from a misuse of the unit reporting system, or the UNITREP System. As you know, this system was designed by the Joint Chiefs of Staff to measure the condition of the force against a set of specific and often changing criteria. It is not designed to measure trends over time. Because of the confusion that arose last year, Secretary Weinberger has directed me to develop a common sense readiness system that will allow the Congress and the American people to assess the current condition of the Armed Forces. I expect this new system to be operational in the near future.

EFFICIENCY AND PROGRAM MANAGEMENT

I want to focus on the second issue—the efficient allocation of resources and program management—because I sense this is an issue of increasing concern.

The first question we must consider is whether we have received the most for our increased investment in readiness. I believe we have. Our investment in readiness is larger than 5 years ago. Our fiscal year 1986 request for the direct material readiness accounts—depot maintenance, spares, alterations and modifications—is nearly 40 percent larger in real terms than in 1981, as is our request for funding for operations, including flying hours, steaming hours, and battalion training days.

On the personnel side of readiness, our request for fiscal year 1986 is 17 percent higher in real terms than 1981. Taken together, these primary readiness accounts for equipment support training and personnel, will account for about 40 percent of our budget in fiscal year 1986. These increased investments in the readiness account have allowed us to make the significant progress to which I referred just above.

Although some will point out that the readiness areas have not increased as a percentage of the total budget, representing a relatively constant 40-percent share of the total, in my view this is irrelevant. The fact of the matter is that these areas are going up as much as is necessary to give us a balanced ready posture. Our goal has been to target funding to correct specific readiness deficiencies.

For example, in personnel, quality recruitment and retention were our disaster areas 5 years ago. Our solution included pay raises—11.7 percent in 1980, 14.3 percent in 1981, and smaller but steady increases in succeeding years—enlistment bonuses, reenlistment bonuses. The result has been dramatic. Our enlistment goals are being achieved with the best quality recruits ever and the highest retention rate in history.

I might add that our personnel readiness could be even better had the Congress not had to cut our active duty manpower requests so drastically during the last 2 years.

EQUIPMENT SUPPORT

We have targeted large real increases to the support of our combat equipment—aircraft, ships, and tanks. In 1984 we spent 25 percent more in real terms for depot maintenance and spare parts than we did in 1981. We have seen a commensurate increase in the operability of our equipment. Navy aircraft mission capable rates are up from 59 to 70 percent. Air Force tactical aircraft mission capable rates are up from 65 to 72 percent, and Army and Marine Corps ground equipment are at or exceeding their full-mission capable goals. And, this equipment improvement comes at a time when we not only have more of it to maintain, but use it much more. This brings me to the next area of major improvement, training.

We have also provided our better-manned, better-equipped combat forces with additional and more realistic opportunities for training. Commensurate with our need to maintain highly proficient aircrews, the Air Force now gives each of its tactical aircrews almost 20 hours of flying time per month, up from 16 hours in 1980, while the Navy provides almost 24 hours of monthly flying time to its combat pilots. The Army has increased its rotations to the National Training Center from 16 battalions in 1982 to 28 this year, providing more ground combat units an opportunity to participate in realistic training. Navy ships are maintaining a higher tempo of operations, steaming an average of almost 35 days per quarter last year, up from 32 in 1980.

The bottom line is that we have been careful to target funding to those areas which most required it. We are getting more for our dollar, and in my view, we are more efficient today. Let me give you two examples of how.

From 1981 to 1984 we needed large growth in our repair parts investments to reconstitute our inventories to the levels necessary to support adequately our peacetime operations. We have reached those levels. In fiscal year 1984, last year, and again in our 1986 request, total peacetime spares funding consequently has remained level. Despite a slightly larger force and tempo of operation, we essentially are funding fully our peacetime spares procurement re-

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quirements with a constant level of resources. My conclusion: We are getting more efficient in both spares procurement and repair parts management.

Let us consider depot maintenance—our programs for ship, aircraft, and vehicle overhaul, modification installation, and repair of spares. Last year, for the first time in many years, we funded over 95 percent of the total depot maintenance requirement. We will again fund more than 95 percent in fiscal year 1986, but at a slightly reduced real funding level from 1985. This means we are buying more readiness with less resources or, to put it another way, we are gaining in efficiency.

Now let me turn to a second question. Since we have achieved such substantial readiness improvements, and are getting more efficient in maintaining our readiness posture, can we not relax our efforts and funding, particularly in the operations and maintenance accounts? In my view, the answer is definitely "No." This year we are requesting a little more than $4 billion more than we received last year in our collective O&M accounts. This represents a real program growth of only 3 percent. The specific program increases are summarized in my longer statement.

If you look carefully at this list, you will see that we are following our successful approach of the last 4 years: General increases commensurate with our gain in force structure, and specific resources targeted to remaining problem areas such as the continued increase of the Army's flying hour program. We have evaluated carefully our programs and I think our budget request reflects the best balance between readiness, sustainability, force structure, and modernization, a balance that will provide us with the best overall defense capability.

SUMMARY

In summary, we are more ready and more capable today than at any time in the recent past. Our forces today are both an effective deterrent and a capable fighting force. We have made great strides both in correcting readiness deficiencies and improving the efficiency of our programs. Our request for this year represents a minimal but necessary increase to continue those efforts.

Whatever the level of resources the Congress provides for defense, this area must remain whole. Let us not repeat the mistakes of previous years when we allowed the readiness accounts to suffer because they have no strong constituency or because they are quick spending.

In closing, let me thank you for the courtesies and the support you have given me over the last 4 years. I appreciate them more than I can say. I know that you will continue to provide that support under our new organizational arrangements.

Thank you, Mr. Chairman.

PREPARED STATEMENT OF HON. LAWRENCE J. KORB

(U) INTRODUCTION

(U) Mr. Chairman, members of the Committee, I am pleased to be here today to discuss with you the vitally important subjects of force readiness and sustainability.

(U) FIGURE 1

READINESS AND SUSTAINABILITY OF U.S. FORCES

I. BASIC CONCEPTS AND DEFINITIONS
   - A. MILITARY CAPABILITY
   - B. READINESS
   - C. SUSTAINABILITY

II. OVERVIEW OF FUNDING FOR READINESS AND SUSTAINABILITY
   - A. KEY BUDGET ACCOUNTS
   - B. FUNDING TRENDS

III. READINESS AND SUSTAINABILITY TRENDS
   - A. MATERIEL
   - B. PERSONNEL
   - C. TRAINING

(U) My presentation will follow the sequence outlined in Figure 1. Since Defense readiness and sustainability are so complex, so poorly understood, and the topics of so much discussion right now, I thought it might be useful to begin with a "top down" discussion of the subject in layman's language. I'll lay out some basic definitions and give an overview of our budget requests for FY 86 and an assessment of where we've been and where we're going.

(U) CONCEPTS AND DEFINITIONS

(U) First, I want to devote a few minutes to some basic concepts and definitions. As to definitions: One of our longstanding problems in discussing defense readiness has been that "readiness" means many things to many people. Often private citizens, members of the Congress, and some senior Defense officials -- both military and civilian -- have used the term "readiness" to refer to our overall defense capabilities. Several years ago, in an attempt to define our terms precisely enough that we could measure them and begin to understand how changes in resource levels influence different aspects of our overall defense capabilities, we devised and officially issued some standard basic definitions. Essentially, we now say that overall military capability is a function of four attributes:

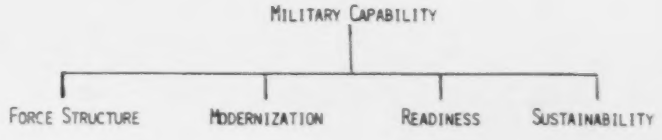
- Force Structure: The numbers, size, and composition of the units that comprise our defense forces, e.g., divisions, ships, air wings.

- Modernization: The technical sophistication of all the elements of the force.

- Readiness: The collective ability of the elements of the force to deliver the outputs for which they were designed.

- Sustainability: The "staying power" of the force during combat operations, often measured in numbers of days.

(U) FIGURE 2



(U) Thus, "readiness" as we define it, measure it, and report on it within the Department is a much narrower concept than the size of the force or the rate at which we modernize it. Those who make such pronouncements as "you've got to modernize to be ready" merely confuse an already complicated issue. We most often use the term "force readiness" or "readiness" to mean a measure of the pre-D-day status of the force with respect to its wartime requirements for operationally available materiel, and appropriately trained manpower; "sustainability" measures post-D-day staying power.

(U) "Force readiness" is therefore only one of the key components of the broader concept of "military capability." It should be noted that it is possible for a force to be 100 percent ready -- all equipment operational, all personnel trained -- and still not have adequate military capability because of a deficiency in one of the other components that determine that capability, e.g., force structure. On the other hand, it is possible for a

force to perform adequately in combat even though it is less than 100 percent ready. Unless we keep this distinction in mind, we can very easily confuse modernization -- a component of military capability -- with readiness. I emphasize this now because it will come up again when I talk about readiness trends later in my presentation.

(U) There are generally three ways of assessing military capability and its four components:

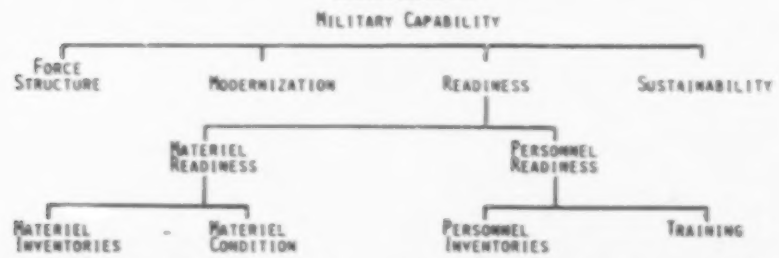
- a scenario-dependent approach that uses a two-sided combat simulation to assess "end-product" U.S. warfighting capability -- i.e., a dynamic net assessment of how well the forces could be expected to perform in combat against a specific enemy force;

- a scenario-independent approach that combines static measures, against specific standards, of each of the four components of military capability into an overall assessment; and

- the assessment of the commanders in the field, drawing in part or wholly from the above two methods.

While the dynamic scenario approach is theoretically more attractive to the extent that it could quantify the many factors on both sides that would impact net assessments, many highly complex models and assumptions are involved. The latter approach, the judgment and opinions of our commanders, is central to and therefore part of any assessment process. Thus in my testimony, I will use the static, scenario-independent approach tempered by sound military judgment. DoD does not have the capability to synthesize into a single index the improvements in all the individual components of military capability. Experience tells us that, even if we could do this, it would certainly hide many important aspects of the situation and would not give a full and accurate picture. Accordingly we disect readiness and sustainability into more fundamental pieces.

(U) FIGURE 3



(U) As shown in Figure 3, readiness has both materiel and personnel dimensions. These areas are monitored and measured in both direct and indirect ways, depending on the particular situation under consideration. No one measure is suitable for all occasions. Indicators must be examined in a complementary fashion.

(U) For materiel readiness we have the following subdivisions:

(1) Inventories of equipment and supplies on-hand may be measured in absolute terms or relative to the wartime requirement. Sometimes we look at just major end items. Other times we consider all critical equipment. Under different circumstances we may examine equipment fill for forward-deployed or early deploying units.

(2) The condition of this hardware is most often measured by the mission capable (MC) rate -- the average percentage of time a weapon system or equipment (or a collection of them) is able to perform the function for which it was designed, procured or modified. There are many other measures that give additional insight in this area. For example, we would expect mission capable rates to improve as we (1) reduce maintenance backlogs; (2) reduce supply backorders; and (3) increase supply fill rates. Also, a healthy supply system, with adequate spares, is reflected in reduced cannibalizations and fewer withdrawals from war reserves.

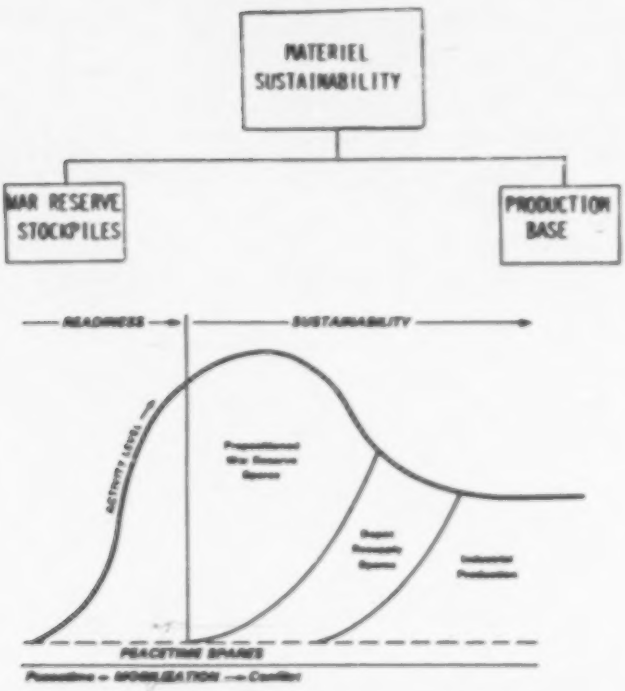
(U) There are two corresponding measurement areas in personnel readiness:

(1) Inventories of personnel on-hand are measured relative to the wartime requirement (programmed structure) and relative to those billets that the Services plan to fill (programmed manning). Complementary to this is the "condition" of these people as individuals. We therefore also consider experience, enlistment and reenlistment rates, recruit quality, and the extent to which we fill positions with personnel with the required skill. The net effect of retention and attrition is measured by force stability -- the percentage of people who remain in the same unis over a period of time.

(2) Collective unit training measures the status of the training for these personnel for the function they must perform in wartime. Measurement here is somewhat more subjective than the other readiness areas. We expect training imporvements with increased training exercises and increases in flying hours, steaming days, and battalion training days.

(U) Later on in my statement I will report on the readiness status in each of these areas, but first I would like to conclude my discussion on basic concepts and definitions with a brief description of the critical components of sustainability -- the staying power of the force in combat. To sustain our forces we must plan in peacetime to replace those resources that will be consumed or suffer attrition during combat. These post-D-Day supplies come from either war reserve stockpiles or the mobilization production base. As in Figure 4, ideally, we should have sufficient stocks available and properly positioned at D-Day to meet combat consumption demands until the production base (and transportation pipeline) can be expanded to meet the demand.

(U) FIGURE 4



(U) Since production leadtimes for consumables (munitions and spares) and major items of equipment are long (two years or more for most items), the major emphasis of our program is on building our war reserve stocks. Our current investments in the production base are generally those needed to produce our materiel needs more efficiently or more economically during peacetime and to give us a surge capability for a crisis. Figure 4 illustrates how the pieces must fit together.

(U) The primary components of manpower sustainability, analogous to war reserve materiel and the production base, are a pool of trained manpower to serve as replacements and unit fillers and a training base to process volunteers or conscripts in time of war. Those components must be balanced in a manner comparable to the materiel components.

(U) RELATIONSHIP TO BUDGET ACCOUNTS

(U) Occasionally, we find some people who believe that all O&M funding and only O&M funding has a direct impact on readiness. This is a serious misconception. Budget accounts that have a major impact on readiness are: (1) operations and maintenance, (2) procurement, (3) military personnel, and (4) stock fund. In addition, although I have not included it here, some projects in the Military Construction account can have a significant direct or indirect impact on readiness or other attributes of Defense Combat capability. Of course, the procurement accounts and the stock funds have a major impact on sustainability.

(U) FIGURE 5

KEY BUDGET ACCOUNTS AFFECTING READINESS AND SUSTAINABILITY

PROCUREMENT

- SPARE PARTS
- SUPPORT EQUIPMENT
- MODIFICATION KITS
- MAJOR EQUIPMENT ITEMS
- MUNITIONS

MILITARY

- PAY
- BONUSES
- INCENTIVES

OPERATIONS AND MAINTENANCE

- DEPOT REPAIRS
- INSTALLATION OF MODS/ALTS
- FORCE OPERATIONS
  - -- FLYING HOURS
  - -- STEAMING DAYS
  - -- BATTALION TRAINING DAYS

STOCK FUND

- PEACETIME AUGMENTATION
- WAR RESERVE MATERIEL

(U) Purchases made through the procurement accounts enhance readiness because they buy:

- some (but not all) of the spare parts needed to replace those parts that fail in our weapon systems and equipment, thereby keeping them operational;

- support equipment for calibration and repair of our defense hardware;

- modification kits to improve the reliability and maintainability (R&M) of our hardware (some R&M modifications buy "readiness;" other modifications buy "modernization;" some modifications buy both);

- equipment items (e.g., tanks, howitzers, trucks) to fill shortages in existing force structure.

(U) In the same way, purchases made through the procurement accounts enhance sustainability. All munitions and some war reserve secondary items are purchased. War reserve end items that replace attrition losses are also funded in the procurement accounts.

(U) These procurement accounts are very important to readiness and sustainability, but there is a significant lag time between appropriation of procurement funds and the impact. Typically, it takes two years or more between the appropriation of dollars and the delivery of the things bought with these dollars to the field. We are now just beginning to accept deliveries of items procured with FY 83 funds. The full impact of these procurements will not be fully felt until late this year.

(U) Military pay, bonuses, and other incentives help us recruit and retain the numbers and types of people we need in our armed services. Because the Congress has been supportive of most of our initiatives in these areas over the past few years, our personnel readiness has increased dramatically.

(U) The normal Stock Fund procurements (i.e., those beyond the Navy's experimental financing of reparable spares in the stock fund) pay for the readiness critical consumable spare parts, bits and pieces. Although most consumable items have relatively low unit costs, a shortfall of these items can cause weapon system downtime just as can a shortage of an expensive spare part purchased through the procurement account. Periodically we must request additional Stock Fund budget authority to provide support for new weapon systems and to fund specific readiness and sustainability initiatives.

(U) I saved the O&M appropriation for last because it generally influences readiness more quickly and efficiently than does the procurement account. It produces quicker results because O&M funds finance depot repairs, installation of modifications, force operations, and training beginning within six months of their being appropriated. It is more efficient because repairing an item usually costs only about 15-20% of the cost to buy a new item. This difference in lag times and efficiency is the basis of our general policy that repairing an item takes priority over procuring an item of the same type.

(U) However, the fact that O&M funds spend out quickly and influence readiness quickly is a mixed blessing, because these funds are often the first to be trimmed in the budget process when near-term savings are

needed. I know that the Preparedness Subcommittee understands this, but I fear that many of your colleagues do not. Sometimes cuts to the overall O&M account are made with the idea that only non-readiness-related funding will be affected. In fact, much of the O&M account that is not directly related to readiness is "fixed" and cannot readily be reduced -- e.g., base operations expenses such as utilities, food and maintenance services, and security. Thus, even general cuts to the O&M account can, and often do, end up degrading readiness.

(U) Before I leave the O&M area, I want to show you, in some detail, where the major differences are between FY 85 and FY 86 because it is so important to minimize general O&M cuts. The FY 86 request for O&M is $82.4 billion, an increase of $4.2 billion over the FY 85 estimate of $78.2 billion. The $4.2 billion increase includes $1.3 billion in price growth and $2.9 billion in program growth. This increase will provide for an overall real growth of 3.7 percent.

(U) Of the $2.9 billion program growth in the O&M account between FY 85 and FY 86, $.5 billion does not represent an increase in the total budget, but instead reflects a transfer of funds from other appropriations into O&M as the result of redefinition of the criteria for determining whether equipment should be funded with procurement or operation and maintenance funds. If growth resulting from the revised criteria is excluded, real program growth in the O&M account totals $2.4 billion. This $2.4 billion can be identified to the following increases (underlined):

- Additional mission operating funds are required for Army and Marine Corps fielding and sustaining of new and modernized equipment entering the active force inventory in FY 85 and FY 86. Among the new Army equipment requiring support are the Black Hawk and Apache helicopters, the Bradley Fighting Vehicle, and the M-1/M-1A tank. Taken together, Army and Marine Corps force modernization requirments have resulted in an increase of $.4 billion. Similarly, Navy emphasis on ships modernization has resulted in an increase of $.2 billion between FY 85 and FY 86.

- Initiatives to improve combat readiness of the Reserve forces have resulted in an increase of $.4 billion. As a result of these initiatives, increased inventories of C-5, C-141, KC-10 and F/A-18 aircraft are available for use by the reserves, increasing reserve requirements for O&M support for the flying hour program. FY 86 funds have also been programmed for increased ship maintenance and modernization and for depot maintenance support as well as for purchase of Army combat-essential spare parts and organizational clothing and equipment.

- The Army, Navy, and Air Force have all programmed substantial increases in their respective flying hour programs and total funding for the flying hour program increases by $.3 billion between FY 85 and FY 86. In FY 86, the Army will increase flying hours by roughly 100,000 hours. The Navy flying hour program will also increase by about 100,000 hours,

improving the primary mission readiness factor for tactical air (TACAIR) and anti-submarine warfare (ASW) flying units from 86 to 87 percent. Six new Navy TACAIR and ASW squadrons will stand up during FY 86. In addition, the Air Force flying hour program grows by 90,000 hours. This growth will enable the Air Force to accomplish about 90 percent of its fighter and tanker objectives in FY 86.

- Roughly, $.2 billion of the growth between FY 85 and FY 86 is in the area of logistics support. The increased funding in FY 86 provides for depot operations, supply management and central procurement operations to support the deployment of various weapon systems currently increasing in the inventory. Additional funding is also required to support increased Army requirements for chemical ammunition demilitarization, improvement of ammunition handling capabilities in Europe, and expanded care of Army supplies stored on Near Term Prepositioned Force ships.

- Growth in the flying hour program and in the fielding of Army equipment has also resulted in increased depot level maintenance requirements. An additional $.4 billion is needed for aircraft modification installations, inactive ship and submarine maintenance and AEGIS ship maintenance as well as for continuing Army hardware depot maintenance requirements. Additional requirements for Air Force Depot Purchased Equipment Maintenance (DPEM), interim contractor support, modernization and other support also contribute to the program growth in this area. These increases are largely offset (-$.4 billion) by the full-year effect of the revised funding concept for Navy depot-level repairable equipment.

- We have $.2 billion program growth for support to the space program. FY 86 will be the first year that the Space Shuttle is launched from Vandenberg Air Force Base. The FY 86 request includes O&M funds to support two Space Shuttle flights at Vandenberg and also includes funding to provide continued support for operations at Cape Kennedy. In addition, the FY 86 request includes funding to provide for the initial operating capability of the Consolidated Space Operations Center as well as for costs of the Data System Modernization Project and operational support of the Advanced Remote Tracking Station in the Satellite Control Facility network.

- Funding for training and education has increased by about $.1 billion between FY 85 and FY 86 to support new requirements in the areas of specialized training, flight training, and training carrier operations. In addition, growth in training support requirements has resulted from the introduction of new equipment to the forces. Rising medical care costs cause funding requirements for the Civilian Health and Medical Program of the Uniformed Services to increase by roughly $.1 billion.

- Funding for Intelligence and Communication programs increased by about $.2 billion related in part to initiatives underway to modernize the Defense Communication System. Program growth in all other areas accounts for the remaining $.3 billion.

(U) DOD FUNDING TRENDS

(U) With this as a background, let us now move on to a brief review of DoD funding trends with special emphasis on readiness and sustainability. The funding trends shown in Figure 6 help to describe how the Department of Defense has allocated its resources since 1980.

(U) FIGURE 6

DoD FUNDING TRENDS BY FUNCTION, FY 1980-1985

TOA FY 1986 $ Billions

Category	Fiscal Year 1980	1981	1982	1983	1984	1985	1986
Force Structure, Equipping, and Modernization	51.9	60.4	72.6	89.6	93.1	99.6	110.3
Military Manpower Readiness	53.3	54.4	56.9	58.5	59.7	62.2	63.6
Peacetime Force Operations	13.8	15.3	17.3	17.8	18.2	20.9	20.9
Centrally-Managed Materiel Readiness	14.9	18.7	22.1	25.5	26.3	26.7	26.1
Mods, Alts, and Logistic Support Equipment	7.6	8.9	10.7	9.9	11.1	12.6	12.6
Materiel Sustainability	5.4	8.5	10.1	10.8	11.7	13.8	15.8
Facilities Support	18.1	21.7	24.3	23.9	25.0	25.7	27.3
Other Support	15.1	14.3	14.7	15.7	16.5	17.1	19.5
Retired Pay1/	16.1	16.6	17.0	17.1	17.5	18.1	18.2
Total	196.2	218.8	246.8	266.7	279.0	296.7	314.4
(Annual % Growth)		(11.5%)	(12.3%)	(8.5%)	(4.6%)	(6.3%)	(6.0%)

1/ FY 85-86 on accrual basis; other years on cash payment basis.

(U) The key points on this display of DOD funding trends are:

- The greatest real increases attained so far occurred in FY 81 and FY 82 (about 12 percent growth), reflecting this Administration's FY 81 Supplemental and FY 82 Amendment). Real increases then tapered off to a low of about five percent in FY 84. FY 85 funding increased slightly over the FY 84 level and the requested FY 86 funding increase is just less than that of FY 85.

- By far, the largest percentage increase in FY 86 occurs in sustainability. In fact, the average annual growth for sustainability over six years is the highest of all the categories, reflecting in large measure the relatively low absolute level of sustainability funding we inherited in FY 80. As you will see later in this testimony, these increases are essential if we are to achieve parity with our potential adversary. Large Congressional reductions in FY 83-84 have in part been adjusted for in FY 85, but not completely. Full support for the requested FY 86 funding is essential.

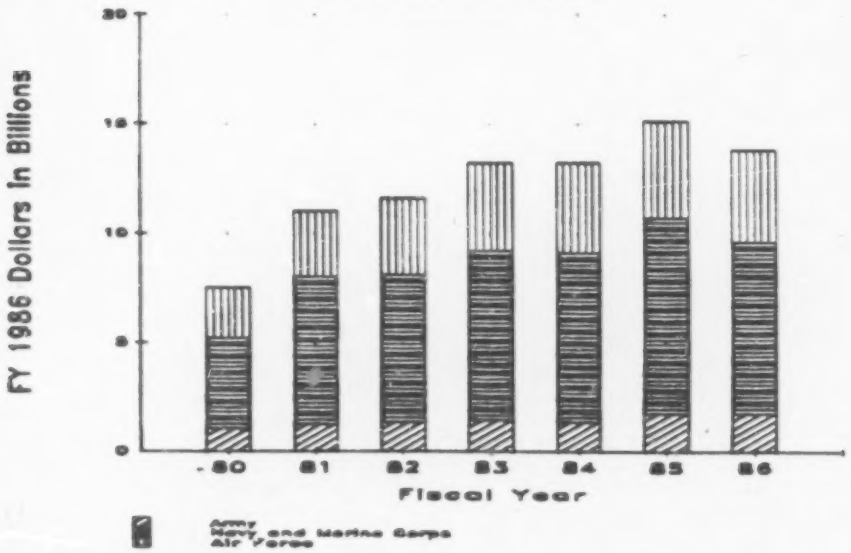
- The next largest FY 86 increases come in other support and facilities support. Increases in other support are primarily attributable to recent emphasis on command, control, communications and intelligence programs and for funding to better manage spares acquisition. Facilities support increases in FY 86 compensate for the very small FY 85 improvements.

- Force structure, equipping and modernization also grows in FY 86, however, this growth is far less than the growth in earlier years.

- Funding for peacetime force operations and centrally managed materiel readiness is almost unchanged between FY 85 and FY 86. We have achieved substantial increases in almost all aspects of materiel and training readiness funded by these accounts. This does not however imply that funding can be reduced in these areas. More and more equipment of increasing complexity is being delivered to the force. This equipment is also being used at a high operating tempo. Readiness funding must keep pace with this increased requirement, otherwise we will undo some of the improvements we have worked so hard to accomplish.

(U) FIGURE 7

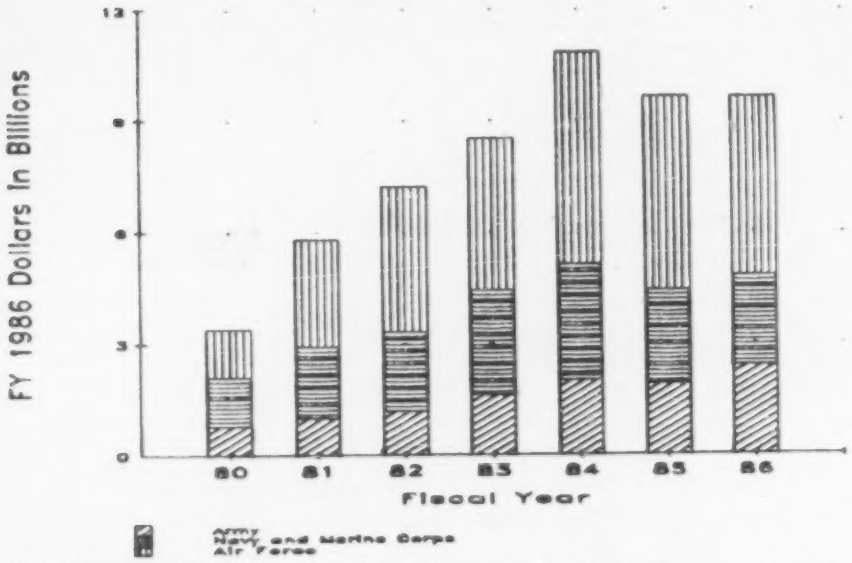
DEPOT MAINTENANCE FUNDING



(U) More detailed breakouts of two key materiel readiness accounts are shown in Figures 7 and 8. Both spares and depot maintenance funding have

increased sustantially over FY 80-81 levels. Total funding has been relatively constant over the past three or four years for two reasons. First, we targeted areas where specific improvements were needed and we have accomplished many of them. Second, we have achieved significant cost efficiencies in spares procurement and labor-saving efficiencies in depot maintenance. Funding requests for these accounts in the future will reflect the need to maintain the levels of readiness that we have worked so hard to achieve. But remember, we will be supporting a larger, more modern force at high levels of activity.

(U) FIGURE 8
PEACETIME SPARES FUNDING



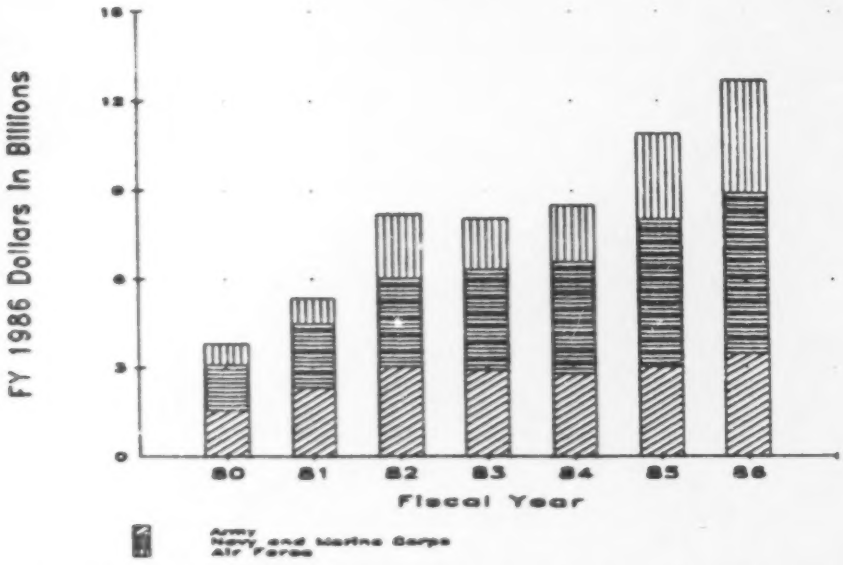
(U) Our sustainability objective is to ensure logistical support to our conventional forces from initiation to successful termination of any hostility. Our requirements for combat-essential materiel during a conflict will be several times as large as our normal peacetime consumption. For this reason, we are striving to build up war reserve stocks sufficient to support the combat forces until our industrial base can mobilize to meet our wartime requirements. Unfortunately, long production lead-times and the large requirements make building stockpiles of war reserve munitions and repair parts a slow, expensive process.

(U) Sustainability, like readiness, cannot be purchased quickly. Although the sustainablity resource areas were allocated some of the largest real funding increases over the last four years, less than half of this investment has been produced and delivered. We recognize that we must

accelerate our sustainability funding if we are to achieve a sustainability posture that presents a true prudent-risk deterrent by the end of this decade.

(U) FIGURE 9

MUNITIONS FUNDING



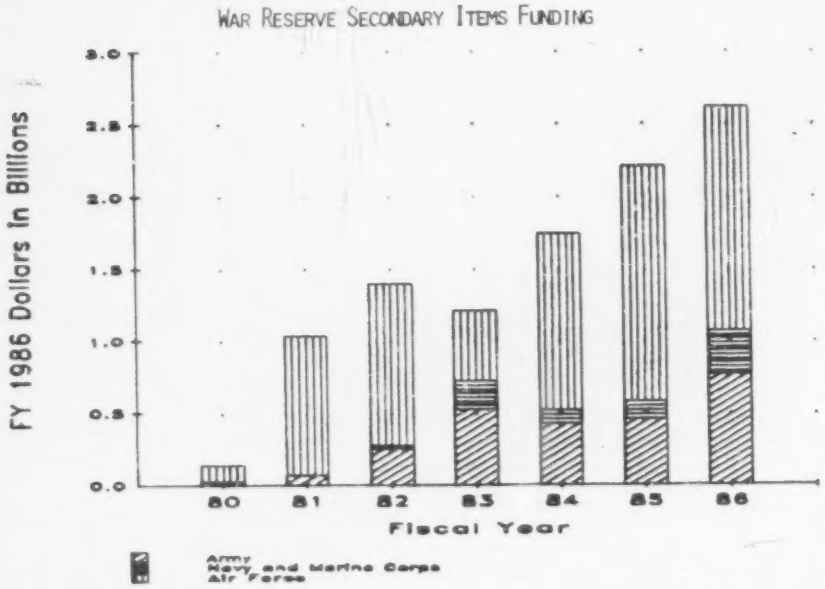
(U) We have continued the progress reported last year toward redressing critical deficiencies in our munitions sustainability. Munitions funding for the last seven budget years is shown in Figure 9. This graph demonstrates our resolve to build our munitions inventories to the point that we would never be forced to escalate to theater nuclear weapons because our conventional sustainability had been exhausted. Even with these increases, however, achieving our modest mid-term objective is slow. The long production leadtime for munitions, about two years, means that the increased funding in FY 82 is only now beginning to be translated into increased combat staying power.

(U) Procurement of modern munitions supports both our sustainability and modernization programs. For example, when we buy Maverick missiles to load out available sorties and extend sustainability we also increase by an order of magnitude the potential effectiveness of those sorties. Similarly, the Copperhead offers an increase in capability that cannot be matched by any number of the older artillery rounds.

(U) The exact level of our sustainability -- how many days or weeks that we could fight -- is highly scenario-dependent, and our estimates for

specific scenarios are classified. In general terms, we have not yet attained the levels necessary to constitute a prudent-risk deterrent. Sustaining a conventional war is very expensive. It will take many years of increased budgets to build our stockpiles to the required level. However, we think it is worth the expense to provide the conventional sustainability necessary to reduce the risk of nuclear escalation.

(U) FIGURE 10



(U) Our increased consumption of repair parts to keep aircraft, ships, and other combat equipment fully operational at the much higher level at which they will be operated during a conflict is the basis for our war reserve requirement for these items. We have concentrated on filling the necessary stockpiles of prepositioned repair parts -- those that would be required first. To accomplish this, we have increased our funding for war reserve spares and repair parts in both the procurement accounts and the stock funds as shown in Figure 10.

(U) Because of the production lead-times for these items, more than half of our investment over the last four years has yet to be delivered. Today, we have only about one-third of our prepositioned war reserve objective on hand, but we expect that the increased sustainability funding already approved, as well as that planned, will allow us to achieve more than 80 percent of that objective by the end of this decade.

(U) MATERIEL READINESS AND SUSTAINABILITY TRENDS

(U) Mission capable (MC) and full mission capable (FMC) rates have traditionally been used as measures of materiel readiness. An MC rate for a weapon system represents the average percentage of the inventory of that weapon system that is capable of performing at least one of the missions for which it was designed. Correspondingly, an FMC rate represents the average percentage capable of performing all of its missions. MC rates are important because they reflect the effects of maintenance funding, spares funding, maintainer training and a myriad of other factors.

(U) FIGURE 11

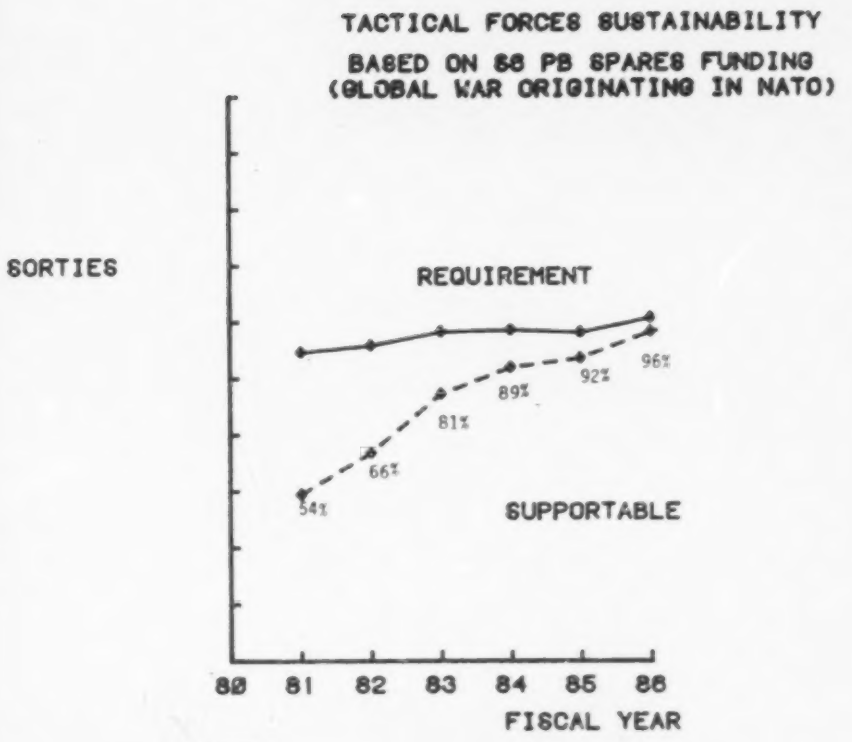
MISSION CAPABILITY

	Goal	FY 80	FY 81	FY 82	FY 83	FY 84
Army (FMC)						
Aircraft	75	66	66	68	70	71
Fire Support Artillery	90	88	88	90	90	89
Fire Support Missile Systems	90	91	91	96	95	94
Tanks	90	86	86	87	87	87
Combat/Combat Support Vehs.	90	88	85	85	86	88
Navy (MC)						
Total Aircraft[a/]	73	59	59	63	66	70
Fighter/Attack Aircraft[a/]	68	53	53	57	60	63
Air Force (MC)						
Total Aircraft	75	66	65	67	68	71
Fighter/Attack Aircraft	74	62	65	66	69	73
Marine Corps (FMC)						
Artillery	85	88	88	86	90	89
Missile Systems	85	94	93	93	94	86
Tanks	85	86	84	88	90	87
Combat Vehicles	85	84	83	82	86	82

a/ Includes Marine Corps aircraft.

(U) Figure 11 shows MC and FMC rates for some important classes of equipment by Service. A classified version of this figure is included in the classified portion of my testimony. As you can see, we have achieved significant improvement in the aviation community in all Services. Marine Corps ground units are generally above goal. Army ground units are all very close to their goals.

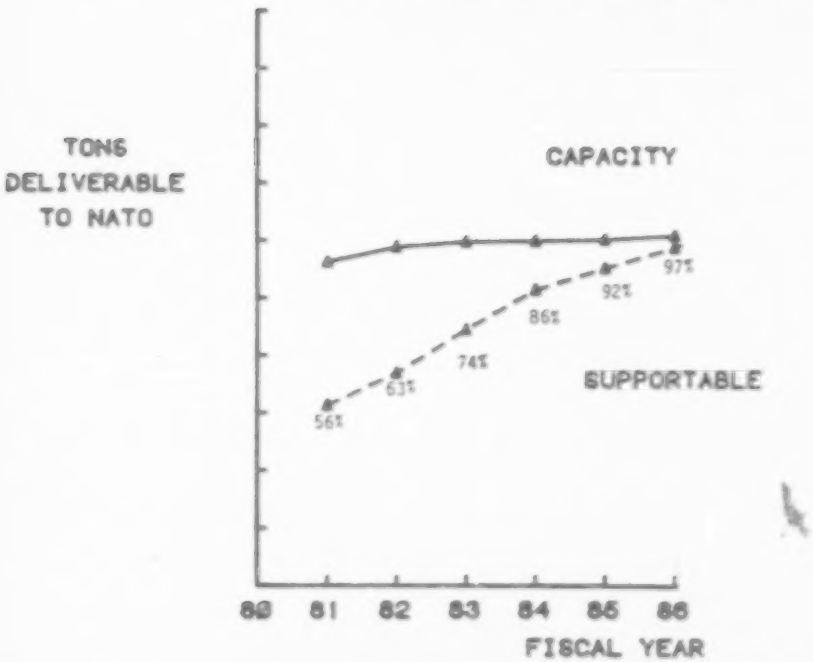
(U) FIGURE 12



(U) Increased spares support has significantly increased Air Force sustainability. Figure 12 shows how tactical sortie generation capability has increased. The top (solid) line in the graph shows the sortie requirement and the bottom (dashed) line portrays how much of that requirement is supportable. The y-axis is scaled to the absolute number of sorties. The percentages show the ratio of supported to required sorties. At the end of FY 86, the Air Force will be able to support 96 percent of its tactical sortie requirement. There has been a 76 percent increase in the number of sorties supported between FY 81 and FY 84.

(U) FIGURE 13

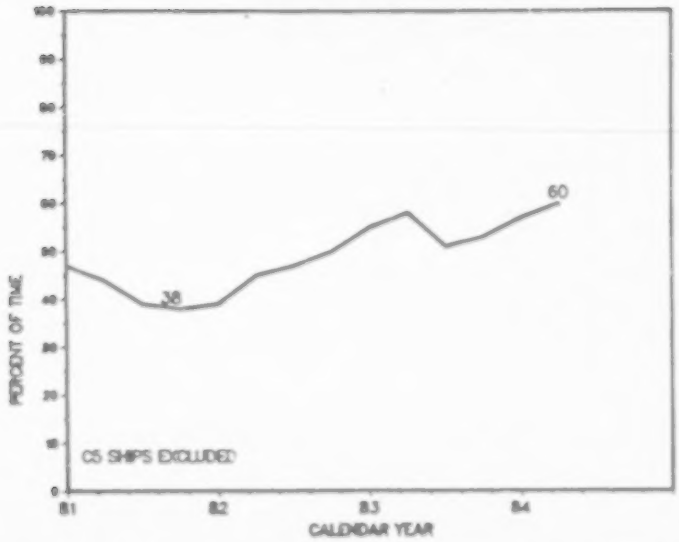
C-5 & C-141 AIRLIFT SUSTAINABILITY
BASED ON 86 PB SPARES FUNDING
(GLOBAL WAR ORIGINATING IN NATO)



(U) Figure 13 shows similar improvements to Air Force airlift sustainability measured in tons. Total capacity has increased by 64 percent between FY 81 and FY 84. Ninety-seven percent of the requirement will be supportable by the end of FY 86.

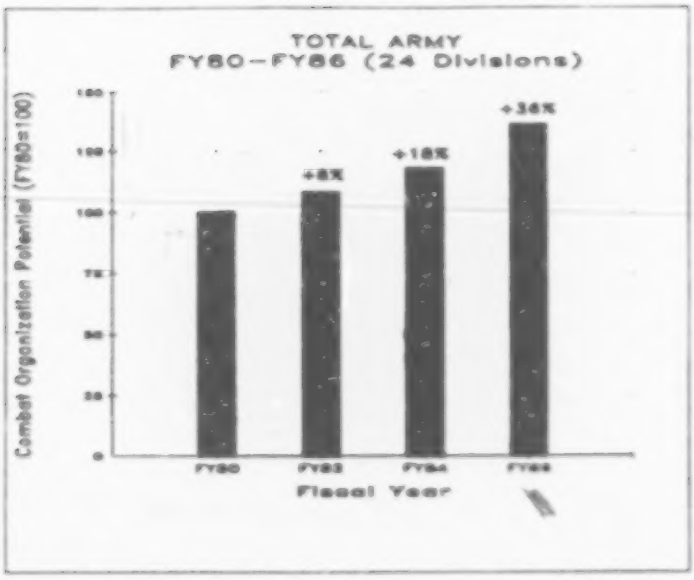
(U) FIGURE 14

TIME FREE OF C3/C4 CASREPS
SURFACE COMBATANTS



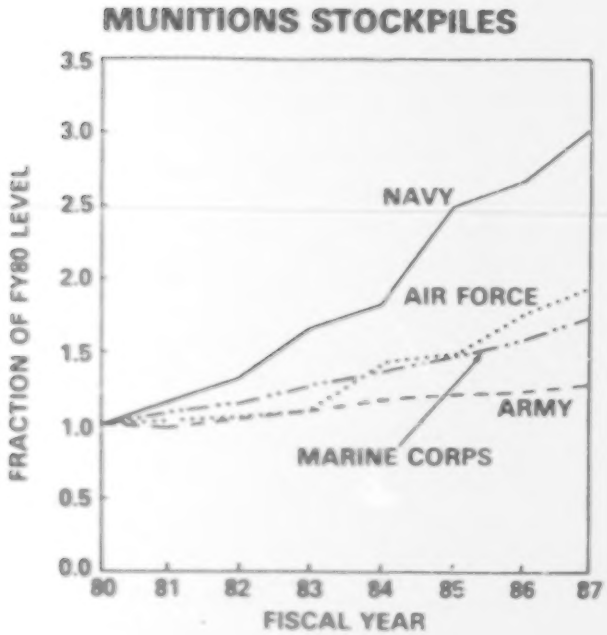
(U) Indicators of Navy ship readiness are improving. When mission critical equipment is not functioning properly, the Navy issues a Casualty Report or CASREP. C-3 and C-4 CASREPs are the most serious. They indicate a significant degration in an equipment's capability to perform its designed missions. Thus, operating time free of C-3/C-4 CASREPs is a meaningful indicator of ship materiel readiness. Figure 14 shows that this indicator is up 14 percent since FY 81 for surface combatants. This higher state of materiel readiness is a direct result of better manning, improved spare parts support, and increased funding for maintenance.

(U) FIGURE 15



(U) Army equipment shortages continue to be a serious readiness problem. These shortages will not get fixed very quickly with the level of funding we are able to make available for Army equipment procurement. A more complete discussion of this issue is contained in the classified portion of my testimony. However, we must not lose sight of the fact that the DoD wants to improve overall combat capability that consists of adequate modernization as well as readiness. The temporary shortages in equipment have been more than offset by overall improvements in capability. For example, the Army has developed a methodology to show the changes in the combat potential of Army (AC and RC) divisions, including roundouts, as a function of the organization and equipment changes made to them in the last four years as a result of modernization. Figure 15 shows these changes in combat potential relative to a composite FY 84 Soviet threat. You can see that according to this Army model, significant increases have been achieved since FY 80. The FY 86 figure is a projection assuming a two-year funded delivery period for FY 84 procurement.

(U) FIGURE 16



(U) Figure 16 illustrates the affect that funding increases for munitions have had relative to the posture inherited four years ago. Since the procurement lead time is about two years, increases in FY 85, for example, can be attributed to funding in FY 83. Notice that the curves are relatively flat in the early years (FY 81-83) because of the low funding levels in FY 79-81. The relatively low rate of improvement for the Army is due, at least in part, to their relatively higher starting position; conversely, the high rate for the Navy is indicative of their extremely low sustainability level in FY 80.

(U) PERSONNEL READINESS TRENDS

(U) In Figure 17, "programmed structure" is the number of billets required for full manning of all the units in the active components excluding the overhead (trainees, transients, patients, prisoners, etc). "Programmed manning" is the number of billets that the Services plan to fill. From FY 84 to FY 86, programmed structure will increase by 36.4K, representing the growth in the force structure required to meet our defense commitments and to operate new weapon systems. In the same perod, programmed manning will increase by 36.5K. Staffing and structure grow by approximately the same amount allowing us to maintain our goal of programming manning at 90 percent of the programmed structure. As a result, billets not planned for fill remain about the same. These figures tend to give the impression that the shortages in end strength that we experienced in FY 84 have been overcome. That is only partly true. We have made some adjustments in structure to compensate for the lack of end strength; however, it is imperative that the Congress approve the active military manpower end strength that we request in FY 86 so that we can field a balanced, modern, expanded force structure. It is particularly critical if we are to realize our goal of a 600 ship Navy and achieve Air Force modernization and expansion.

(U) FIGURE 17

PROGRAMED STRUCTURE AND PROGRAMED MANNING
(000)
ACTIVE COMPONENT

	PROGRAMED STRUCTURE	PROGRAMED MANNING	BILLETS NOT PLANNED FOR STAFFING	MANNING AS % OF STRUCTURE
FY 83	2,056.6	1,838.8	212.8	89.6
FY 84	2,056.3	1,856.2	200.1	90.3
FY 86	2,092.7	1,892.7	200.0	90.4
CHANGE (84-86)	+36.4 (+1.7%)	+36.5 (+1.9%)	-.1	+.1

(U) Stability contributes to readiness by increasing unit cohesion and effectiveness. The aggregate stability percentages shown in Figure 18 represent the percentage of personnel who remain in the service over the period of a year. This measure captures the net effect of retention and attrition. Aggregate stability for both officers and enlisted has increased from FY 80 through FY 84, although in the last few years, the rate of increase has lessened. Our goal is to maintain these high levels.

(U) FIGURE 18

DOD MANPOWER STABILITY
ACTIVE COMPONENT

AGGREGATE (% REMAINING IN THE FORCE)

	FY 80	FY 81	FY 82	FY 83	FY 84
OFFICERS	90.8	92.2	92.6	93.1	92.1
ENLISTED	80.7	82.3	83.9	83.8	83.8

UNIT (% REMAINING IN UNITS)

OFFICERS	47.1	49.3	49.7	49.0	46.8
ENLISTED	42.6	44.1	44.0	45.1	44.6

(U) The unit stability measure is the percentage of personnel who remain in the same unit such as a battalion, squadron or ship over a period of a year. More stability increases unit performance and readiness. From FY 80 through FY 83, unit stability increased. In FY 84, unit stability dropped. All Services except the Marine Corps experienced drops in officer stability. The drop in enlisted unit stability is attributable to the Air Force; however, the Air Force continues to have the highest unit stability of all of the Services. We are continuing our efforts to keep unit stability as high as possible recognizing its contribution to personnel readiness.

(U) FIGURE 19

EXPERIENCE

ACTIVE COMPONENT
(PERCENTAGE OF ENLISTED FORCE)

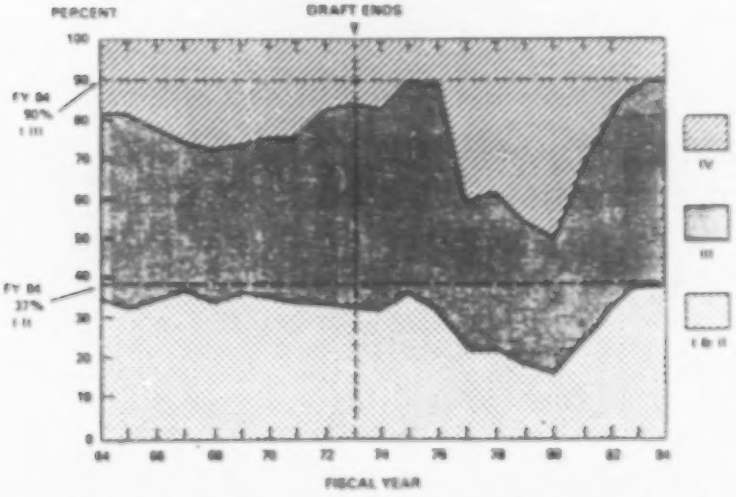
	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85 (PROJECTED)	FY 86
TOP 5 (E5-E9)	39%	40%	40%	41%	42%	42%	43%
ENLISTED OVER 4	42%	44%	46%	47%	48%	49%	49%

(U) The measures shown in Figure 19 address the importance of enlisted leadership and experience. More complex weapon systems and missions require a more senior and experienced force. Over the last four years, there has been a slight increase in the percentage of non-commissioned and petty officers in the enlisted force. We expect this percentage to remain about the same over the next few years. The proportion of the enlisted force with over four years of service has increased significantly during the same period and should also hold at current levels for the next several years. This last statistic is particularly important because it shows that about half of our enlisted force is comprised of careerists who possess the training and experience necessary to operate the new complex systems that we are introducing. This situation is the result of improved retention, due to compensation incentives and judicious use of selective reenlistment bonuses. These programs are working well and contribute to improved readiness; therefore, they must be continued to avoid possible setbacks.

(U) The next two figures show the two primary measures we use for recruit quality: the results of the Armed Forces Qualification Test (AFQT) and education level.

(U) FIGURE 20

**DISTRIBUTION OF ARMY NPS ACCESSIONS*
BY AFQT CATEGORY
FY 1964 THRU 1984**

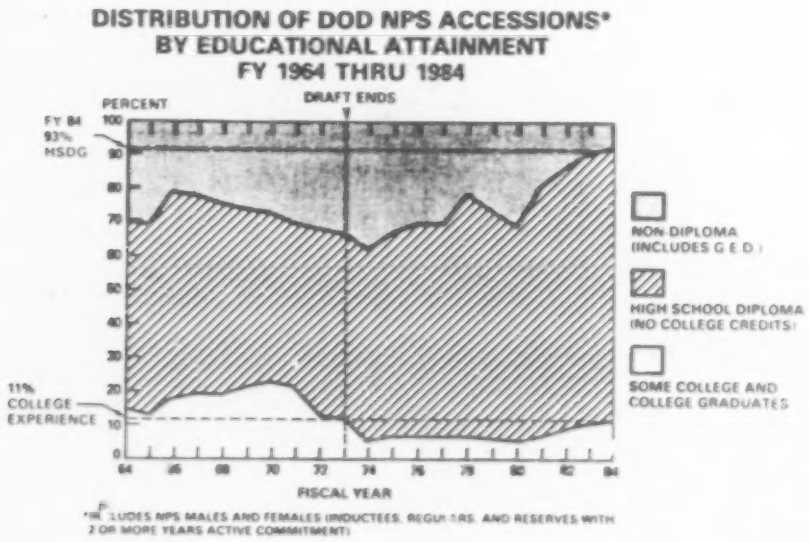


*INCLUDES NPS MALES AND FEMALES INDUCTEES, REGULARS AND RESERVES WITH 2 OR MORE YEARS ACTIVE COMMITMENT

(U) Figure 20 shows the distribution of the qualification categories of new recruits not only for the period since the end of the draft, but also for the last ten years of the draft, including the peak years of the

Vietnam War. In the general youth population, 35 percent fall in the top two categories, 59 percent fall in the top three categories, and 30 percent fall in the bottom two categories. In the figure, those who scored the best are in categories I and II at the bottom. Average scorers are in the middle in category III. Below average are in category IV. As you can see we are doing better now than we have ever done. In FY 84, 93 percent of our non-prior service recruits scored in the top three categories. Figure 20 also dramatically illustrates the problems that we experienced in the late 1970's with the quality of our enlisted force, because we were not offering competitive compensation. Our quality dropped dramatically as we had to dip significantly into category IV. With continued support for competitive pay, we believe that we can continue at or near the current level.

(U) FIGURE 21



(U) Figure 21 shows the other measure of quality, education level. We have found that the best predictor of success in completing a first term of service is a high school diploma. Such a dioloma identifies people who can set goals and discipline themselves to achieve them. As a result, we seek out the high school graduate. Figure 21 shows our experience over the last 20 years. There was an initial improvement after the end of the draft, followed by a drop in the late 1970's, with recovery in the 80's. In FY 84, we had our best year ever in recruiting high school graduates.

(U) TRAINING READINESS TRENDS

(U) As can be seen in Figure 22, these training readiness indicators are trending upward, or, where the levels achieved already produce the required amount of training, holding steady. The total number of active students and trainees (the student load) is increasing in FY 85 and 86 due to the addition of new courses, lengthening of selected courses, and a larger number of non-prior service accessions. In flight training, the aviator inventory has largely recovered from the shortages that existed in prior years; consequently, the production rates of pilots and navigators have leveled out. As an exception, the number of new Navy pilots will enter an upward trend in FY 86 to meet an expanded demand.

(U) FIGURE 22

INDICATORS OF TRAINING READINESS

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
Total Active Student Load (000)	190.0	197.3	192.2	197.2	196.2	209.0	214.9
Active Undergraduate Flight Training Graduates	5,155	5,708	6,158	5,966	5,670	5,560	5,522
Total Active Flying Hours (000)	4,912	5,057	5,139	5,780	5,873	6,076	6,374
Non-Deployed Steaming Days/ Ship/Qtr	28.6	29.1	29.0	27.0	28.2	29.0	29.0
Battalion Training Days	N/A	N/A	58,571	58,992	56,396	58,422	61,699

(U) The trend in total active flying hours continues to show a steady increase, both in the aggregate and for each individual Service. Although some of the increase is due to a larger force, the statistic for flying hours per crew per month also shows increases. In FY 86, Navy and Air Force tactical air crews will average very close to their respective goals of 26 and 21 hours. The Army flying hour program, which has been depressed for several years because of a repair parts shortage, increased by 290,000 hours, or 24 percent, from FY 84 to FY 86. This will allow crews in operational units to train much more effectively. For example, hours per month for UH-1 crews will increase from 14.2 to 22.0 hours, and hours for AH-1 crews will rise from 9.8 to 15.1.

(U) Our non-deployed fleets, the 2d and 3d, are in essence our training fleets. The Navy's goal for training operating tempo for these fleets is 29 steaming days per ship per quarter. As the figure shows, we have met this goal in most years and will achieve it fully in FY 85 and 86. The FY 86 budget request also provides adequate funding to met the Navy's steaming day goal of 50.5 days per quarter for the deployed fleets in both FY 85 and 86.

(U) The temporary drop in battalion training days in FY 84 and 85 is due to a slightly reduced number of Army battalions in those years, not to a decrease in training time. In fact, the number of training days per battalion increases slightly in FY 85 and 86 in both the Army and the Marine Corps.

(U) The statistics show that the Services are being provided the opportunity to train properly. In judging the trend in training readiness, however, it is equally important to consider other actions which are improving the quality of training. Two notable examples are the acquisition and use of highly capable simulators and greatly improved ranges. These improvements are doing a great deal to make training time more effective in producing ready forces.

(U) SUMMARY

(U) Mr. Chairman, let me summarize my presentation in this open session by saying that we have carefully distributed the very necessary additional resources that the Congress and the American people have provided for the Nation's defense beginning in FY 1981. These larger Defense budgets have been designed to provide a modestly expanding force structure, tailored to deter and defend against the most significant threats to our security; selectively modernized; with gradual but steady improvements in our forces' readiness; and with similarly gradual and steady expansion of our ability to sustain those forces in combat.

(U) When we look across the Services, both recent readiness and sustainability trends and prospects for the future, we conclude that, in general, the Department can anticipate continual, gradual improvements. But there are still some problems. Army equipment shortages are serious and will not get fixed very quickly with the level of funding we are able to make available for Army equipment procurement. Another potentially serious trouble spot on the horizon is active military manpower -- not in terms of the near-term supply that is available from the national manpower pool, but because of our uncertainity about the Congress' willingness to approve the active military manpower increases that we must have to man an expanding Navy and Air Force structure. Clearly, not all of our readiness and sustainability programs are fully funded. The stiff competition for resources within the Department and the need to balance those competing demands does leave us with some unfinanced maintenance backlogs that will remain at end-FY 86. In the sustainability area, we are faced with even more significant problems. The process of building to our modest mid-term objective is slow. We need to accelerate sustainability funding to achieve a posture that presents a true prudent-risk deterrent by the end of this decade. These realities make it even more imperative that the Congress support the funding that we have requested to continue our steady improvement in Defense readiness and sustainability in FY 86 and beyond.

(U) The remainder of my statement addresses Army equipment shortages and mission capable rates. This information is classified and has been provided to the subcommittee in a classified statement.

(U) Mr. Chairman, this completes my unclassified prepared statement on readiness and sustainability. I will answer any questions the Committee may have at this time.

Mr. DANIEL. You sound like a "swan song." [Laughter.] We don't want to hear any swan song.

Before we commence the interrogation, the Chair would like to welcome all the visitors today. We are always pleased to have you.

EFFECT OF ADDED RESPONSIBILITIES

Mr. Secretary, we usually use 1981 as a benchmark for what we have done in the area of readiness, but since that time, and even before, which is now coming into fruition, President Carter and President Reagan have both taken on some new responsibilities—the Persian Gulf area, Southwest Asia, and now the Caribbean Basin.

What effect has that had on readiness?

Mr. KORB. Well, I think what has happened is that because of those commitments, adding to them or reaffirming them or reemphasizing them, you have a slightly larger force. And because you have a larger force, you need to spend more to keep the same level of readiness.

We also have done more training because we do not have a large enough active force to be able to simultaneously deal with contingencies all over the world. We have had to take the forces that we do have and, if you will, train them to go places other than Europe, which was our primary focus up until the late seventies. Those forces now receive more training, so our training budget has had to go up.

But I think what you have seen is a force that is more flexible. It hasn't grown significantly—it has grown somewhat—but it is able to, I think, fight and give a good account of itself in more than one place.

I think the final thing is that we have also bought a lot more conventional ammunition. That's not quite readiness; it is more into sustainability. We now have had to think of fighting conventionally in places outside of Europe and because of that we now have a lot more ammunition in the stockpile. We're about 33 percent more than we had 5 years ago.

EFFECT OF ZERO REAL GROWTH BUDGET

Mr. DANIEL. Let me ask you one other question before I call on Mr. Whitehurst.

Yesterday the Senate Budget Committee suggested a military budget this year with an increase of only 4 percent, which would only offset inflation, which really means zero growth. There is some consideration in the House Budget Committee now for a freeze on the military budget without even allowing for inflation, the 4 percent—I guess it's 4¼ percent.

Now, if either one of these proposals are adopted by the Congress, what effect is that going to have on readiness and capability?

Mr. KORB. I think you have got two considerations there. No. 1, if we keep a balanced program and each of the areas receives a cut in proportion as it is in the program already, I think you will see obviously a slightly smaller, less ready force, a less modern force.

If we make one area suffer more than others, if the O&M account should suffer more than its proportional share, as happened back in the decade of the seventies, then I think you could see a less ready force.

Let me give you an example. If we were to say let's absorb the whole reduction in the O&M account and let's take it all out of flying hours, I think obviously you would see a force that is less ready and then you may see some retention problems with pilots who don't want to stay in if you don't let them fly.

I think the real question is how do we do it. I would urge this committee to make sure that we have a proper balance. Any change to the Defense budget, whether it is up or down, should be done in a balanced way, so that each of the four pillars of military capability gets a share commensurate with our overall force structure.

Mr. DANIEL. Mr. Whitehurst.

WAR RESERVES

Mr. WHITEHURST. Thank you, Mr. Chairman.

I want to switch to that last question. It goes to the heart of what is going to trouble us as we march this budget along through the 99th Congress.

Let me ask you about spare parts for a moment. What is our war reserve shortfall? Is that a figure you can give us in open session?

Mr. KORB. I can't give you it in open hearing, sir, but I think I can say roughly we would like to have about twice as much as we have now to have a fully efficient war reserve.

Mr. WHITEHURST. Is it something you're working on, then?

Mr. KORB. Yes, sir, and we have made progress. The shortfall is less than it was 5 years ago. The 5-year program we have laid down before the Congress would cut it in half once again by the end of the decade.

Mr. WHITEHURST. Well, there is no question about the fact that you have made great progress in ammunition stocks. One of the encouraging things that I heard in Europe—Mr. Hutto led a group of us to Europe last August—and we spent the better part of an afternoon with General Rogers. He was very enthusiastic about the dramatic improvement in ammunition stocks, so much so that I was able to, a few months later, go to the North Atlantic Assembly and get on the backs of our European allies about doing something on their own. As a matter of fact, there is progress. The Germans have dramatically increased their ammunition stocks.

PERSONNEL CUTS

I want to talk to you about personnel readiness for a moment. In your statement you indicate that our personnel readiness could be even better if the Congress had not cut the active duty manpower requests so drastically during the past 2 years. I wonder if you could be a little more specific for us. Can you give us examples of where readiness has been negatively impacted by those cuts? I think this is important for the record.

Mr. KORB. Well, the area that suffered the most has been the Navy. The Navy has probably gotten about one out of every two

people that they have asked for in the last 2 years. What has happened is the ships have already been authorized, they are coming into the fleet, and we have two choices. We can fully man the new ships and short the shore establishment, or we cannot fully man the ships. In either case—and we're giving the priority to fully manning the ships—what happens is, then you have to make the sea-shore rotation a little bit longer than you would like, which can, if you continue it too long, cause you retention problems.

It also means that you cannot fully man, say, the training establishment. The training establishment is important because you want to train the people to go to sea.

Mr. WHITEHURST. Let me pursue this with you. I anticipated that answer and I purposely wanted you to make that statement. I hoped that you would.

The Navy this year is asking for 12,000 additional personnel. In the past, the problem has been, quite frankly, in the other body. It has not been in the House. I presume you're going to be over there testifying before our companion body.

Mr. Secretary, I certainly hope you will make this point with them over there, because when we have gone to conference in the past, these numbers just get juggled around and there is no real, what I would regard as serious discussion as to the implications, as you just stated a moment ago, when we don't meet these personnel levels.

I have a Navy district and I am very concerned about this subject having heard from families who are unhappy about these long deployments. You're right, when all the ships finally get in the fleet, we're really going to have a shortfall.

FUNDING OF DEPOT-LEVEL REPAIRABLES

Just one last question on depot-level repairables and then I will yield to some of my colleagues.

It is my understanding that the military services do not use a common procedure for funding depot-level repairables. For example, the Navy funds depot level repairables through its stock fund, while the Army and Air Force fund theirs through the procurement accounts. Can you tell us why this is, which method do you feel is the best, and are there any plans to have a common procedure?

Mr. KORB. Yes. What has happened is the Navy has changed. They have come to us and said that they feel that that is a better way to do it because it gives an incentive to the commanders—since, in fact, they have to pay, because it's stock fund funded—to be more careful about just throwing things away or ordering things that they really don't need, because, in effect, they're charged.

I believe the Navy is correct, and on the basis of the Navy experience, I hope we can convince the other services to move that way. Intuitively it makes sense; we just want to make sure it actually works out in practice. We are allowing the Navy to do that, because they did it with their surface fleet first and had a very good experience. Based on everything I know, it makes a great deal of sense to me.

Mr. WHITEHURST. Thank you, Mr. Chairman. Thank you, Mr. Secretary.

Mr. DANIEL. Let the Chair state that if any witness feels we should go into executive session to respond to questions, we are permitted to do that. We would like to keep the meeting open if we can, but if any member has a question which they think should be answered in executive session, we can defer those until later on. I assume, Mr. Korb, you will be here as long as it's required.

Mr. KORB. I will be here as long as you would like, sir.

Mr. DANIEL. Very good.

Mr. Foglietta.

BASE CLOSURES

Mr. FOGLIETTA. Thank you, Mr. Chairman.

Secretary Korb, I thank you for being here today. I found the statement you made to be extremely valuable and interesting. I have some questions which do not directly relate to your statement, but they certainly, in my opinion, relate to readiness, and I would ask your indulgence to be able to do your best in answering some of these questions, if you can.

Yesterday Senator Goldwater, in a meeting of the Senate Budget Committee, published a list, referred to as a "hit list," which cites 20 separate military installations in which he said—and I quote—these 20 military installations could be closed "with little or no adverse effect on our national security." I have in my possession a copy of that list. I don't think it is necessary for me to read it off. I'm sure you're familiar with it.

Two things. In attempting to find out the source of this list, I called the Office of Public Affairs of the Department of Defense, who informed me that even though there is a disclaimer on the list itself which reads "This list does not constitute a request for relief. It should not be considered an official DOD representation;" however, I was informed by the Department of Defense Public Affairs Office that your office drew up this "hit list" for Senator Goldwater.

Now, what I would like to know is, No. 1, is this your view, is this the view of your office? If it is not officially the view of the Department of Defense, then why are we drawing up statements which have no real attribution to the Department of Defense?

Mr. KORB. Well, I would like to put that whole question in context because I recognize it is a very important question and it is of particular concern to some of the members who have some of the facilities that were published in the Congressional Record in their districts.

Mr. FOGLIETTA. Once this gets circulated to the members of the committee, I may have some people joining me in the questioning. [Laughter.]

Mr. KORB. Senator Goldwater asked Secretary Weinberger if there were bases in the Department of Defense which could be closed. The Secretary said he would examine the base structure. Remember, there was a great deal of publicity given to the Grace Commission which recommended closing an awful lot of bases.

On the basis of this request, my office examined our base structure and came up with a number of bases that could be closed—if a couple of conditions were met. I want to emphasize these conditions.

No. 1, if we could get relief from the legislation that makes it take about 3 years to close a base. For example, there are a lot of legislative hurdles, including the filing of an environmental impact statement, the allowing of judicial challenges, as well as the fact that we have to get money from the Congress to build facilities at other bases and to move the people.

On the basis that if we could get that, and if the Congress would give us an additional amount in our budget over and above whatever number we were going to get to pay for these up-front costs, then, after a period of years, these bases could be closed, savings would accrue to the Department of Defense, and readiness would not, in fact, be hurt.

This list was taken by my office and then submitted to the services. The services looked at the list. In many cases they accepted it; in others they said "No, based on our analysis, we feel that readiness would be better enhanced if we closed this instead of that, or this has a particular priority." We then looked at the service position to see if, in fact, this was something that a reasonable man would find a prudent thing to do. When that was done, Senator Goldwater was given the list.

There was a statement put out at the time which said that this is the type of list that we would send up if, in fact, we had the legislation that allowed us to dispense with the 3-year minimum process that it takes to close a base, and if we were given the $2.5 billion to effect these particular closings. Lacking either of those, it just does not make economic sense to go ahead and do it.

Mr. FOGLIETTA. Well, these conditions certainly were not publicized along with the list which was issued by Senator Goldwater yesterday.

Now, I would like to zero in on one, for obvious reasons, the Philadelphia Navy Base, which happens to be in my particular district——

Mr. DANIEL. Does the gentleman ask unanimous consent to continue for 2 additional minutes?

Mr. FOGLIETTA. Yes, I do. I ask that respectfully, sir.

Mr. DANIEL. Without objection.

Mr. FOGLIETTA. Even if these conditions were met, which I understand is $2.5 billion and the elimination of the 3-year requirement, is it your view, contrary to all the statements made by Admiral Fowler and other experts about the efficiency of the work being done in the SLEP Program at the Philadelphia Naval Base, that it still would be more efficient and we would have better readiness for us to close the Philadelphia Naval Base?

Mr. KORB. The Navy told me, and they told the Secretary of Defense, that they have excess capacity at other yards that could absorb 12,478 work years from the Philadelphia Navy Yard; that they have excess capacity at other yards that would enable them to get the same work years out. The work needs to be done, the 12,478 work years which are being done at Philadelphia, but they have

excess capacity at other yards. So, therefore, they could close that yard and still get the work done.

Mr. FOGLIETTA. In my opinion—and I hope you would agree with me—SLEP is a very important part of readiness.

Mr. KORB. That's correct.

Mr. FOGLIETTA. What is your view of the SLEP Program being performed in the city of Philadelphia?

Mr. KORB. I think the city of Philadelphia and the Philadelphia Navy Yard are doing an excellent job on it. When I asked this question, the Navy said that they could perform the SLEP's at their other yards.

Mr. FOGLIETTA. Do you believe that the work being done at the Philadelphia Navy Yard is essential right now to our national defense?

Mr. KORB. I believe it is. I believe that that work is being done. The question, if you will, that went into the element of this list was, do we have capacity at other yards in which this same work could be done.

Mr. DANIEL. Mr. Sweeney.

Mr. SWEENEY. Thank you, Mr. Chairman.

Mr. Korb, it is a pleasure to have you here today, especially given the fact that your office was always very helpful to my office during the time I served at the White House, so I take particular pride in discussing with you some matters that I am concerned about.

First, just as a followup to Mr. Foglietta's question and before I get into my own questions, is it reasonable to assume that any closing of bases in Philadelphia or other areas of the country respectively would require enhancing the bases that would be left open to accommodate the additional personnal and additional requirements?

Mr. KORB. In some cases, yes. For example, if you have a function that is being performed, which you think you can perform at another base that is already doing something else, you would have to build some new facilities at the other base and transfer the people; or, in the case of civilians, if they did not want to move, hire new civilians at the other base.

Mr. SWEENEY. So conceivably, we in Texas could benefit from the closing of bases in Pennsylvania; is that what you're saying?

Mr. KORB. Conceivably, or vice versa. [Laughter.]

MEASURING IMPROVED CAPABILITY OF ARMED FORCES

Mr. SWEENEY. I was intrigued by and would like to pursue for 1 minute the part of your statement that deals with the so-called MICAF, Measuring Improved Capability of Army Forces. I would like you to elaborate on your policy of evaluation and assessment. You say in your statement on page 8 that the whole MICAF evaluation is based more on qualitative factors than quantitative factors. I find that a little bit disturbing because I take that to mean the quantitative factors are either overlooked or neglected or not considered important enough to work into this formula of judging and measuring.

Mr. KORB. No, no, and if my statement leads you to that conclusion, I probably didn't phrase it clearly enough.

What we are saying is that too often we just use strictly quantitative factors. What the Army has done here in this MICAF approach, this model, I think is put in those qualitative factors that, in effect, would tell you if you can do better against the enemy. For example, the expected European environment that you might have, and some aspects of doctrine.

Mr. SWEENEY. But this is all qualitative. What benchmarks precisely are you using?

Mr. KORB. Well, what MICAF does, essentially, it is simulate the result of mini battles between the United States and Soviet weapon systems according to the probabilities of kill. That result varies as a function of posture, ammunition selection, range, sensor capability, detectability, refire time, crew losses, and support equipment capabilities. The results of these mini battles are rolled up according to values assigned, if you will, to the red and blue targets to obtain a weapon combat potential and then a division combat potential.

Mr. SWEENEY. So you do include in that evaluation equipment needs——

Mr. KORB. Oh, very definitely.

Mr. SWEENEY [continuing]. Quantity of personnel, leadership, military leadership that——

Mr. KORB. Well, no, we don't, and that's a tough thing. We include doctrine, but we don't include things like personnel quality, morale, and leadership.

Mr. SWEENEY. Why is that?

Mr. KORB. It's just the state-of-the-art won't handle it. I mean, we would like to. But what we are trying to do is move away from what has been almost too mechanical to something less mechanical. Now, eventually you would like to be able to get all of these things in there, but they are really, really hard to work into these particular models.

Mr. SWEENEY. One final question.

How do you make the judgment, in terms of applying this MICAF evaluation, as to the period of time required? I mean, you're going from modernization cycle to modernization cycle, as I understand it. How long can you expect that your evaluation will remain useful and have any utility?

Mr. KORB. I think what it does, for example, it tells you—let's say you have a tank battalion, and you run the MICAF thing when they have M60–A3's. You now have given it M–1 tanks. Then you run it with M–1 tanks, say, after 6 months or a year, and see if, in fact, you get overall improvement.

You see, what was happening before, and the reason that the Army went to the MICAF approach—which I applaud, because it gets to this question we're talking about, whether we really are getting the most for our money. If you strictly use the unit reporting system, and you take a tank battalion that has, say, M60–A3's, and you give it M–1 tanks, your training readiness goes down because all the crews that were equipped to fight M60–A3's now have to learn to go into a new tank. In addition, you don't have all the

supporting equipment as soon as the tank comes in, so you get marked down on that.

Under the UNITREP system, you get the lowest mark in any category. So you could take a battalion which had M60-A3's and was rated C-1. A year after you give it M-1's, you might have it rated C-3, and everybody says, "We spent all this money and things are getting worse." Whereas MICAF can take that into account, plus add the other capabilities of the particular tank, and show you that even though you don't have all the support equipment and everybody is not as well trained on this particular thing, you do better against the Soviets, which is really what we're talking about.

Mr. SWEENEY. May I ask one additional question, Mr. Chairman?

Mr. DANIEL. Of course.

Mr. SWEENEY. Who is in charge of developing the MICAF policy or strategy?

Mr. KORB. The Army, General Mahaffey's office, I guess.

Mr. SWEENEY. What sort of coordination exists between the different branches in the Department of Defense?

Mr. KORB. The ultimate evaluator, if you will, of all these things is the Joint Chiefs of Staff because they are the ones responsible for the operational readiness of the forces.

Mr. SWEENEY. Thank you.

Thank you, Mr. Chairman.

SAVINGS FROM BASE CLOSINGS

Mr. DANIEL. This is not parochially motivated, because I see that all five of my recruiting stations are safe, but there is no savings in the 1986 budget by base closings, is there?

Mr. KORB. No, sir. In fact, that's the dilemma that the Department of Defense has faced from time immemorial. In order to save money, you must spend money.

Mr. DANIEL. Mr. Hutto.

Mr. HUTTO. Thank you, Mr. Chairman.

PILOT RETENTION

Dr. Korb, for a period of some time we were losing a lot of pilots who wanted to get out of the service and make big money with the airlines. That was eased off for a period and now, from all indications, we are again having some problems with pilot retention.

Would you give us a status report on that and also tell us how this impedes on readiness and how we are addressing that problem?

Mr. KORB. The pilot retention rate for this year is not as good as it has been, if you will, in the period since we turned it around. We had record pilot retention in fiscal 1983. In 1984 it dropped below 1983, but was still higher than the levels we had a couple of years ago. The trend has continued downward into fiscal 1985, and we expect that will be somewhat lower than 1984, for the reason you pointed out. The airlines are hiring.

To date, the trend has not affected readiness in either the Navy or the Air Force. The Air Force does not have a shortage of pilots and it is currently manned at 100 percent. At the end of fiscal

1984, the year which ended last fall, the Navy had a shortage of 995 pilots. They fully manned the fleet sea duty, including all the operational squadrons, and they absorbed the shortfall in the shore requirements, such as staffs, professional development, educational programs and other support activities, primarily by assigning naval flight officers to handle those things.

If the present trend were to continue, if it were to continue at the same downward rate, the Air Force forecasts that they would initially experience pilot shortfalls in the strategic airlift and training communities by 1987 and in all pilot communities by the end of the decade. In other words, that means if the airlines keep hiring at this rate, which we don't project.

The Navy, because they do have a shortfall, as you know, is moving aggressively to retain the pilots who are coming up for reenlistment or whose initial obligation is expiring in 1985. They are offering a lump sum payment, an enhanced bonus, to TAC air pilots. They also are going to submit some other provisions to Congress to deal with this situation. They include, for example, increase the 6-year contract value from $6,000 to $8,000 for 1 year, so you could give a larger bonus if you need to; widen the 6-year contract eligibility from less than 7 years to less than 8 years of active duty; and eliminate the ASIP restrictions while under contract. So those are some of the things they are thinking of.

I think you're quite right. It is something we went through once before. We know from experience the last time, when the Air Force came up with enhanced ASIP and the Navy used the bonus, that we were able to deal with it. I think we are going to have, in both our officer and enlisted force, these temporary perturbations as you have particular economic situations or swings in the private sector.

Mr. HUTTO. Is the Air Force bonus comparable to what the Navy has?

Mr. KORB. The Air Force did not choose to use the bonus. When the Congress gave it the option back in 1981; they felt their needs would be better served with what they called the enhanced aviation continued career incentive pay, or flight pay as it's commonly known, and that their people then could plan on getting a certain amount of money over a longer period of time.

The Navy, which had a more serious problem, decided to use what they call AOCP, which was a bonus, basically, and gave it to people. You couldn't get both, and the Navy selected the bonus—for example, I guess in the summer of 1981, when we got permission from the Congress to pay the bonus, we had about 200 pilots that were waiting to find out if the Congress would authorize it; the Congress did and the pilots stayed in.

Mr. HUTTO. Would you say, because the Air Force is 100 percent, that its system is better? Has it been analyzed to see if maybe the Navy shouldn't switch to that?

Mr. KORB. Well, the Navy offers people a choice. I think the requirements of the services are so different, in terms of what an officer in the Navy does as compared to the Air Force, in terms of time away from home, deployments, are so different that it makes a great deal of sense what the services are doing.

Mr. HUTTO. Thank you.

Mr. DANIEL. Mr. Ray.

SPARE PARTS

Mr. RAY. Thank you, Mr. Chairman. Mr. Korb, it is good to see you again today.

You mentioned on page 8 about spares and level of spare parts and so forth was getting in a lot better shape, and you felt that was improving a lot. I wish you would comment on the story that appeared in a number of papers, including the Washington Post a few weeks ago, which indicated that we were actually robbing new engine packages and planes for spare parts.

Is there any credibility to that at all?

Mr. KORB. There are a couple of things. We have not cured all of the problems that we had. On occasion, to meet operational needs, people will have to "cannibalize" or take parts off of another plane. Also, the Congress has been very good in giving us the money. When we tell you how the situation looks, we're looking at what we call the end of the funded delivery period.

But we also have another imperative going, which I applaud because it makes sense; that is, we have to compete much more than we used to. Competition takes time because we can't just go out and buy the spares, as we used to, from a single source. We have to go through the competition, the services competition advocates, and it just takes longer. So even though the Congress has given us the money, and we have authorized the services to spend it, it has not produced deliveries as quickly as we would like.

Mr. RAY. So the competition advocates program really has slowed the process down right now?

Mr. KORB. Yes, it does. It's going to take us a while to adjust to this whole idea of not doing business the way we used to.

Mr. RAY. Do you see that working, and improving, and thus overcoming the bottleneck that is there right now?

Mr. KORB. Yes. We are on our way to overcoming it. In other words, when you start a new program like the competition advocate, you are going to have a period of time in which you are not letting contracts out at the same amount you used to. We are kind of 6 or 7 months behind where we would like to be. We will eventually catch up as these procedures get institutionalized.

Mr. RAY. Do you advocate adjusting the program in any kind of way to alleviate that flow, or do you think it's just going to take time.

Mr. KORB. I think it's just going to take time, because we need to also make sure that spare parts pricing comes under control.

Mr. RAY. Let me call to your attention one situation which I think is rather dangerous. In England we have our EF-111's based there. I believe DOD is mandated to have at least 25 spare engines on hand at all times at each of those bases there. In October they were down to four or five per base. The engine is a bad engine, in the first place, but to me, that's the only plane we've got for deep strike purposes and I think it is extremely dangerous.

I would appreciate you taking a look into that.

Mr. KORB. I certainly will.

[The following information was received for the record:]

EF-111 SPARE ENGINES

Question. Let me call to your attention one situation which I think is rather dangerous. In England we have our EF-111s based there. I believe DoD is mandated to have at least 25 spare engines on hand at all times at each of those bases there. In October they were down to four or five per base. The engine is a bad engine, in the first place, but to me, that's the only plane we've got for deep strike purposes and I think it is extremely dangerous.

I would appreciate you taking a look into that.

Answer. The USAF has EF-111A and F-111E aircraft at RAF Upper Heyford (TF30-P-3 engines) and F-111F aircraft at RAF Lakenheath (TF30-P-100 engines). The number of spare engines for these units are not "mandated," rather they are computed based upon fleetwide failure rates, flying hours, repair times, etc. Existing assets are then distributed to each unit based upon its flying hour program and peculiar mission needs.

The number of spares authorized at each unit are much greater than the four or five referenced. I believe those figures are more indicative of the level of servicable engines at RAF Lakenheath. We have been unable to maintain desired serviceable levels at that location for some time.

Within the USAF, the TF30 engines have suffered from a series of technical surprises since their introduction into the inventory in the late 1960's. Moreover, the TF30-P-100 engine fleet is small in number, and the engine is only 25% common with other engines in the series. Maintenance of serviceable levels has therefore been difficult to attain.

To correct this situation, the USAF has an approved, funded and on-going program to correct known deficiencies. That project, Pacer Thirty, was started in October 1984 for the TF30-P-3, TF30-P-7 and TF30-P-9 engines, and should be completed in approximately four years. The same program for the TF30-P-100 engine will begin in October 1985 and should be completed 19 months thereafter. Meanwhile, we continue to assist RAF Lakenheath with on-site augmentation by depot qualified technicans and contractor representatives. Until Pacer Thirty for the TF30-P-100 engine is initiated, serviceable engine status will remain critical and will be closely monitored.

CIVILIAN END-STRENGTH CEILINGS

Mr. RAY. Last year the Congress lifted civilian end-strength ceilings and prohibited their use by DOD in managing civilian personnel levels. From a readiness point of view, what impact, if any, would the reimposition of ceilings have upon the Department of Defense?

You know, we did this. The committee authorized it and the House went along with it, and we were able to get the Senate Armed Services Committee to agree for 1 year. Now, we are hopeful that we're going to be able to extend that.

But what is your opinion?

Mr. KORB. Well, I think this was one of the most significant things this committee and the Congress have done, and I applaud this committee for taking that step.

We are doing a study, as you know, for the Congress of the impacts. But I am confident that it will lead to increased readiness because you will not have to be constrained by personnel limitations in order to, say, fix a plane or a ship or a tank, and you won't have to go through the practice of putting people off the payroll the 30th of September every year. You won't have to deal with temporary hires and you can go ahead and put money into training people because you will know you will have them permanently.

So common sense and intuition tells me that it is going to improve. How much we won't know until we do the study for the Congress.

Mr. RAY. We have your permission then to vigorously pursue the extension?

Mr. KORB. You have my wholehearted support.

LEASED HOUSING

Mr. RAY. My final question. You mentioned that the O&M account needed to be beefed up, you need more money in there. I serve on the Military Construction Subcommittee also, which is handling leased housing out of the O&M account.

In your mind, is this a proper way to pay out of the O&M account for leased equipment and leased housing? This actually puts a heavy drain on it. It bypasses the regular appropriations process. I just wondered what opinion you might have on it.

Mr. KORB. I think that leased housing, as one of the programs that we have, makes a great deal of sense, because when you lease the housing, it enables you to get people into houses quickly because it is already there. It also enables you to be more flexible since it is not yours and when you no longer need it you can turn it back to the private sector. I don't think there is any attempt by the Department to bypass the Congress. We do know that it does overcome certain jurisdictional lines. But what we are trying to do is what makes the most sense for the servicemen and the taxpayer.

We do have a housing shortage. We want to move vigorously to deal with it because the consequences of not doing it would be very tragic, as we had that unfortunate incident, for example, out in Fort Ord last year, that we want to do it in the most expeditious way possible. We would be very happy to open our books. We're not trying to bypass the construction committee or overload this committee. We're just trying to do what makes the most sense.

Mr. RAY. Mr. Chairman, could I proceed for one more minute?

Mr. DANIEL. Without objection.

Mr. RAY. You know, I perceive a lease to be—I'm going to lease a car that costs $13,000. I am obligated for the full $13,000. But it shows up, the leased housing and leased airplanes, leased ships, you know, as a 1-year item. But actually we have an obligation for many years, which doesn't show up. I wondered, shouldn't we know what that full obligation is?

Mr. KORB. We would certainly be happy to give it to you. The difference, obviously, because construction is fully funded in most cases in the year, it would be a larger initial expenditure, though the outlays would probably be about the same. Whereas you're right, because of the law under which we submit our budget, it doesn't have to. But we would be very happy to show you—In other words, if it's an 801 or 802 and we have a 15-year lease, for example, yes, we are obligated to pay that money for the 15 years.

Mr. RAY. I am not opposed to the leased housing.

Mr. KORB. We would be very happy to provide that if you would like it, sir.

[The following information was received for the record:]

The total cost of Section 801, Long Term Leasing, will vary due to the area of the country, whether its on base or off, and the terms of the individual leases. The one contract that has been signed is Eielson AFB, AK. The contract is for a twenty year period for 300 units. The construction portion of the rental amount is fixed at $3,600,000 per year for the length of the contract while the maintenance costs are $216,000 per year and can be escalated by the consumer price index each year. The

economic analysis indicated that the net present cost of this agreement is $340,000 less per year than if we constructed military housing.

Under Section 802, Rental Guarantee Housing, the government does not incur a liability unless the occupancy of the project, on an annual basis, drops below a guaranteed percentage not to exceed 97%. The rental guarantee projects are being proposed for areas with large housing shortages, which should result in high occupancy of projects. No payments under the guarantee are anticipated.

Mr. RAY. Thank you.

Mr. DANIEL. Mr. Martin.

Mr. MARTIN. Thank you very much, Mr. Chairman.

PAY PROPOSALS

Dr. Korb, at the start of your statement you talk about this might be the last time you address us in the sense that there would no longer be a single advocate for readiness. I take a lot of pride, and I know the chairman does, in the work of this subcommittee, and you can take justifiable pride in the time you have been here and having the opportunity to come up here and deliver some of the good news as far as readiness is concerned.

I want to ask you about your personal opinion. You talk specifically about personnel and what has been done since 1980 with 11.7 percent pay increase in 1980, 14 in 1981, and an increase in 1982, 1983 and 1984. We all know that everybody out there is going to be looking at that figure that is going to be recommended and what we are going to be able to do to try to keep the situation the way it is now. But it puts immense pressure, of course, on what Congress will do for our uniformed personnel.

I don't want your comment on this, the 5-percent reduction for Federal employees, but I would ask, if you see we can't maintain the incremental increases in the next couple of years that have been provided since 1980, how long do you think it would be before we find a direct impact on our recruitment readiness?

Mr. KORB. It depends on two things: No. 1, on how far we fall behind the private sector. Right now we're about 6.9 or 7 percentage points behind the private sector. If we don't keep pace with wages in the private sector, assuming we continue in the same economic good news that we have had for the past couple of months, you are going to see an impact, first on retention, and then on recruitment. What you will see is particularly the recruiting of higher quality people; they are the most sensitive as to whether you're in balance with the private sector.

But it also depends on what we do in other areas. I think too often we focus only on base pay, and we also have to take a look at what you do in VHA, what we do in building military housing, what action the Congress takes on keeping up the amount of poundage that people can move, the reimbursement for permanent change of station, what is done with the military retirement system. All of these things have to be looked at together.

I think the most important thing I have seen, in terms particularly of retention—not recruitment—for people in the service is whether, in fact, they feel that you and I, the executive and legislative branches, really want to treat them fairly and give them a decent standard of living. If these lose that confidence, for whatever reason, then we're in a lot of trouble.

MILITARY RETIREMENT

Mr. MARTIN. You mentioned something that was going to be my next question because, as we substantially increase the base pay as we have since 1980, that also has an impact. We don't see it right now but certainly other Congresses will see down the road as that $18 billion retirement figure goes up substantially. We all understand there's a "sleeping giant" problem there. I don't buy, embrace, condone or approve of Mr. Stockman's comment concerning retirement, but I do know logic would dictate that down the road that is going to have to be dealt with.

I'm wondering, is there anything in the way of proposals or whatever, that would be coming from the Pentagon realizing that that is going to be a problem, and not only the dollar figure but people a lot younger and healthier than they were 20 years ago at age 40. We seem to be losing some of our most qualified people as they leave and start drawing their retirement check in year 20 plus one month.

Do you know of any proposals—I'm not trying to alarm—but it is something that will have to be addressed sooner or later.

Mr. KORB. As you know, in the Secretary's comment on this before the full committee, we are constantly looking at our retirement system as well as our whole compensation system. The Secretary chose not to send up any proposals this year for a number of reasons. I think we have already referred to some of them. The fact that we were not able to give the raise that we thought equitable for military people, it is no secret that we had included in our budget 7 percent, which was what we felt necessary to be competitive with wages in the private sector. The fact that there is no cost-of-living increase this year in the retirement system, and that step alone, if the Congress supports that, will mean half-a-billion dollars this year. If someone were to project something like that out over 20 years, the savings would be a very, very substantial because it lowers the whole base. So I think that was the Secretary's feeling.

But I think any type of examination of the retirement system cannot be done in isolation. We need to take a look at the whole compensation system because it may well be that one could save money in the retirement system but end up spending more in compensation because those benefits that would be taken away from retirement would be more than offset by, say, increased reenlistment bonuses or increased base pay. So I think that is the mistake that both the executive and legislative branches have made in the past, just focusing too much on the retirement system without looking at the whole compensation system.

We are spending this year $18 billion on retirement, but well over $100 billion on compensation. I think we should not focus only on that one aspect of it.

Mr. MARTIN. I thank you, Dr. Korb, and thank you, Mr. Chairman.

Mr. DANIEL. Mr. Kasich.

Mr. KASICH. Thank you, Mr. Chairman.

BASE CLOSINGS

Dr. Korb, I have several questions relating to the fact that we have a couple of committees in the Senate, one recommending about a 3.8-percent increase in real terms in the defense budget, and I think another one that is going to be about the lowest we will see out of the Senate.

I want to tell you, first of all, that Rickenbacker Air Force Base is located just on the outskirts of my district. Rickenbacker Air Force Base was closed a number of years ago because the military decided that the base was not effective any more. On the way in a cab ride today I think I heard that one of those bases here is at Cameron Station, that the employees down there were confident that there would be no base closings.

Now, I am just a little bit confused and concerned when I hear that up-front cost is what prevents us from doing anything that over the long run is going to save money. I did have the opportunity to read Senator Goldwater's statement, where he says they are estimating that there is going to be a $500 million per year savings after a one-time up-front cost associated with closing of these facilities.

Now, if we have facilities that continue to remain open because of what clearly is political pressure and are not contributing or are not necessary for the maintenance of national security, don't you think the time has come to face up to this. Isn't it time for people within the Pentagon and in policy positions be willing to take a position about base closings?

I know that the Secretary has complained, and I think with great justification, that there are many programs that the Congress shoves on the Pentagon that add to your costs. Don't you think it is time the Pentagon started pointing their fingers up here on Capitol Hill at those people who want to drive up the cost of this budget and take away from spending money in areas where it is vital?

I wish you would comment a little bit more on where we are at this point on base closings. I understand there are none in the 1986 budget. Do you think there ought to be some recommended in the fiscal year 1986 budget, and where do you think Senator Goldwater is going to go from here?

Mr. KORB. The question is a pretty tough question to answer, but let me try and put it into context.

On base savings, if we were to close 20-some-odd bases of this type—without referring to specific bases—it would not help us in fiscal year 1986.

Mr. KASICH. I understand that.

Mr. KORB. In fact, it would hurt us because we would have to come up with $2.5 billion more.

I wish the Senate had been as generous as you said. My understanding was they gave us no real growth, 4 percent nominal, which means basically keeping up with inflation, which makes it even a more difficult problem. That is by and large——

Mr. KASICH. That makes it more difficult. I thought it was $3.8, Mr. Chairman.

Mr. KORB. It makes it more difficult.

You also are faced with the fact that I think people in both the legislative and executive branches, who have been through this before, know that you come up with a base closure list, and if the legislation is not changed, you get a lot of people very upset and nothing happens. I'm not blaming any particular person, but let me give you two examples of bases that people tried to close in 1978—Fort Dix and Loring Air Force Base in Maine. They were both very large bases, bases that have a great economic impact on their local areas, a very, very large amount of employment in those areas that is military-dependent. Those were announced as installations to be closed by former Secretary Brown. They are not closed now.

Therefore, I think the Secretary's point, and Senator Goldwater's point, is that if we are going to do this, we need to ensure that we can do it, so that if we can agree on something, we are not going to wait around 3 years and then have nothing happen, because I think that is unfair to the men and women who work for the service and to people whose livelihoods depend on these things. That's the first thing.

Second, that we also be guaranteed that we're going to get the money, because if you don't get the money, you can't close the bases. Even if you don't have the legislation, we have got to move the people off. Many times this has happened in the past. So if we are going to do that, if we feel this is necessary—then I think we have to have a consensus among the parties and among the branches of Government. We need to have that consensus. We need to agree on what ought to be done. We need to agree ahead of time that we're going to do it, and then go ahead and do it.

Lacking all of those things, it is pretty hard to close bases without creating more pain that it's worth.

Mr. KASICH. Mr. Chairman, I would like to make a request that Mr. Korb send to us a report on whatever activities or whatever legislative initiatives are necessary to implement any base closings that we would, as a Congress, believe are necessary. If, for example, the situation in Philadelphia is one where we really can't justify it because it needs to stay open, then I would be the last one to close it, believe me. I don't want to close ones that we need. But when we're talking about people who are able to keep bases open that are not needed, I think we should get some things going. Maybe it won't happen this year, but I think you have to push the envelope to ultimately get anything done. I would like to cooperate with the Pentagon on working with that program, if he could get us a report.

Mr. DANIEL. Is the gentleman asking the Secretary to provide us with the procedure that we need to go through if we're going to do this?

Mr. KASICH. I think he said we needed some legislation up here that needed to be passed in order to do this.

Mr. KORB. Yes, we would be happy to provide you with a sample of model legislation that would enable us to close them quickly.

[The following information was received for the record:]

MODEL LEGISLATION

A Bill To authorize the Secretary of Defense to close or realign any military installation if he determines that such action is in the public interest.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) chapter 159 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§ 2687a. Emergency Base Closures and Realignments

"(a) If a Budget submitted by the President, pursuant to section 105 of title 31, United States Code, reflects a budget deficit, then during any twenty-four month period following the submission of such budget the Secretary of Defense may close or realign any military installation without regard to any other provision of law that would prevent or delay such closing or realignment, including but not limited to statutory restrictions on the disposal of specific real property, restrictions on the use of funds to close or realign military installations contained in annual appropriations acts, and without complying with the procedures set forth in sections 2662 and 2687 of title 10, United States Code, or the requirements of the National Environmental Policy Act of 1969, as amended.

"(b) The Secretary of Defense, using funds appropriated for military construction, is authorized to design and construct facilities that he determines are necessary to effect any base closure or realignment accomplished under the authority of this section."

(b) The table of sections at the beginning of such subchapter is amended by adding at the end thereof the following new item:

"2687a. Emergency Base Closures and Realignments."

Mr. KASICH. Mr. Chairman, I have one other question, if I could.

Mr. DANIEL. Do you ask unanimous consent to proceed?

Mr. KASICH. Yes.

Mr. DANIEL. Without objection.

POTENTIALS FOR REDUCING THE READINESS BUDGET

Mr. KASICH. Mr. Korb, in your statement you say the core of the Secretary's appraisal in his annual report to you, that "with regards to readiness, we are confident that we have achieved the level necessary to deter aggression today and, if necessary, to react effectively." In the budget statement it says overall readiness sustainability funding has increased $50.3 billion, an increase of 50 percent in real terms since the administration came into office.

In light of the fact that now you're telling me we have got a budget freeze over there in the Senate and will probably end up with more of a real increase than that out of the House. And considering the budget here has gone up 50 percent in real terms—and I believe your budget for fiscal year 1986 is going to go up about 5.7—would you be willing to outline for this subcommittee what areas of this readiness budget could be trimmed by perhaps a percent or 2 percent in terms of not only the fiscal 1986 budget but also the fiscal year 1987 and fiscal year 1988 budget? I mean, I think we have got to be concerned about the outyears, because as we give authority this year, the outyears suddenly are going to be here and we're going to have to pay for them.

I wonder if you could give us an outline about where you would make changes without affecting national defense.

Mr. KORB. I think the first thing is we have to make sure we do it in a balanced way. For example, if you want to have less steaming hours, then we ought to buy less ships so that we won't have to spend as much on steaming. But it does you no good to authorize a ship and then not have the people or allow the ship to train.

Similarly, if we don't want to train Army divisions as much, maybe we ought to think about not adding the new divisions the Army has requested. So we need to do it in a balanced way.

Now, having said that, I think that if you looked at the O&M area and you had less money, you would train less. You would have people flying less per month; you would steam somewhat less; you would let your depot maintenance backlog grow larger. As I mentioned in my statement, we would like to have a zero backlog. We have 95 percent of the depot maintenance backlog funded. Obviously, we would have to fund less.

What you are doing, though—and I think it has got to be clear—is if you spend less on defense, given our commitments, given the threat that we face, we increase the risks. We ought to be clear about that. That's the way I would approach the problem.

Mr. KASICH. Thank you.

Mr. DANIEL. Mr. Whitehurst, do you have any additional questions?

Mr. WHITEHURST. No, sir.

Mr. DANIEL. Mr. Foglietta, do you have any additional questions?

Mr. FOGLIETTA. Yes, I do, Mr. Chairman.

Mr. DANIEL. You may proceed.

PHILADELPHIA NAVY YARD

Mr. FOGLIETTA. Mr. Korb, first of all, my colleague was asking questions regarding base closures, that it depended upon the fact that an installation was not absolutely necessary to our national defense, and in his question he stated that from his information the Philadelphia Navy Yard work that is being done is necessary for our national defense.

In answer to a question, you stated that the work being done on the SLEP Program is necessary for our national defense. In a question asked by me, Admiral Fowler also stated the same thing. It seems almost universally agreed upon that the work being done on the SLEP Program at the Philadelphia Naval Base is necessary for our national defense.

I also believe that anybody considering the closing of these yards, even with these conditions, would make at least one of the conditions precedent to determine before closing any of these installations that they not be absolutely necessary for our national defense. In view of the fact that that would be one of the criteria, then what criteria was used in establishing this list if at least one that I know of, and there may be more, of these installations are necessary for our national defense? How did they come up with such a list, including installations which are necessary?

Mr. KORB. I think it is important to keep in mind that no base hurts national defense, OK?

Mr. FOGLIETTA. The work being done.

Mr. KORB. The work being done would not be done if it were not important. The real question is, can you design a base structure in which you can do more work at certain bases so that you don't have to keep others open in keeping with all the other national security objectives that you might have.

The criteria that was applied in creating this illustrative list was can you, for example, do the work, the shipyard repairs and all of the things that the Navy has to do, at less shipyards than you have now? The Navy's analysis showed yes, you could, because you have excess capacity at the other yards.

Mr. FOGLIETTA. When you talk about excess capacity, however, you're talking about man-hours, or man-years——

Mr. KORB. No, no. We're talking about the fact that they have the physical facilities to do the work, and that obviously—and I don't want to belabor this. I know it's of concern to you, because nobody is proposing closing the Philadelphia Naval Yard. I think——

Mr. FOGLIETTA. I'm glad you're saying that.

Mr. KORB. I grew up in an area of the country that a lot of my neighbors worked at the Brooklyn Navy Yard. The Brooklyn Navy Yard was closed because the Philadelphia Yard had excess capacity. What happened was, the work that has been done there then was done in Philadelphia, and people who had worked for the Brooklyn Navy Yard were given the option of going to work in Philadelphia. They used to take a bus to Philadelphia down on the corner every day. I remember seeing the people get on it.

Now, the man-years still were needed, but by doing it at one place, you saved the annual operating cost of keeping open two facilities. That's what we're talking about here.

Mr. FOGLIETTA. Over and above considering the man-years involved, was consideration given to the expertise that was developed also?

Mr. KORB. That is correct. That was taken into account.

I think your point—obviously, whenever you go through a realignment, there are not only financial costs that you have to pay, but there are psychological costs; you just don't walk out of one place and start up the next place as efficiently. But the Navy is convinced, in their analysis to the Secretary, that they could perform the same amount of work at less cost if they could do it at fewer yards.

Mr. FOGLIETTA. I thank you very much for the answer to that question and all of the answers you gave us today.

Mr. DANIEL. Any other questions of Dr. Korb?

Mr. SWEENEY. Yes, Mr. Chairman, if I may.

Mr. DANIEL. Mr. Sweeney.

USE OF SPECIAL FORCES

Mr. SWEENEY. In General Mahaffey's statement, Mr. Korb, he comments briefly on the design and use of special forces which are regionally oriented, obviously for the deterrence of conflict. What regions principally are these forces oriented toward?

Mr. KORB. Well, again you can get into this in closed testimony. There are roles for what we call special forces or forces of lower level intensity, in many theaters in the world. We let the capability run down during the decade of the seventies. We have increased it, and now we have given to those forces the capabilities to operate in many theaters of the world, and they are different. They would be differ if you went to theater A as opposed to theater B, even

though they would still both be called special operating forces. There would be certain things in common, but there would be differences because of the terrain and the enemy and everything else.

Mr. SWEENEY. It is not a greater focus in one region as opposed to another region, or at least——

Mr. KORB. Well, there is a greater focus on special operating forces. I think that's the key. And then, if you want to get into closed session with General Mahaffey, he can tell you under what circumstances they would be used.

Mr. SWEENEY. Specifically, what the forces are being used for in Central America vis-a-vis the Mediterranean?

Mr. KORB. That would be illustrative, yes.

DRUG ENFORCEMENT SUPPORT

Mr. SWEENEY. One additional question.

Under what circumstances do you feel the Army, the Air Force, the Coast Guard, personnel should be used for traditionally what are considered nonmilitary functions—drug trafficking, surveillance, various criminal justice applications?

Mr. KORB. I think that within the confines of the law, within the confines of the Economy Act, which is a law, and within the confines of keeping in mind the primary mission of the Department of Defense, which is military readiness, that there are things that the Department can and, in fact, is doing. I mean, I think the Department of Defense is playing a very significant role in the drug enforcement area. Because of our increased involvement in this 2 years ago, I set up—because it was in my area of responsibility—a Department of Defense Task Force on Drug Enforcement. I recalled one of the finest military officers I knew, General Tice, to active duty to actually handle the Department's operation and to serve as a focal point. I think if you ask the other agencies, those who have the primary responsibility—Customs, Coast Guard, the DEA—I think you will find that we have been more than responsive to those things that they have asked us to do.

We have given some of the latest equipment to Customs, like Blackhawk helicopters. We have used very sophisticated aircraft like E-2's, AWACS aircraft, in support of this. We have had every armed service, active and reserve, involved in one form or another. We've got Navy patrol squadrons on their weekend drills going out and patrolling areas of interest to the Customs and the Coast Guard. We have put what we call TACLET teams on our Navy ships. In some of our military exercises we have conducted the exercises in areas that are of concern to the Customs and the Coast Guard. We have 42 military people assigned on a permanent basis to the National Narcotics Border Interdiction System Regional Centers around the country. We have set up two aerostat radar balloons in Florida. We have an Air Force helicopter squadron located in the Bahamas dedicated to providing indirect assistance to the Bahamian drug enforcement effort.

So I think that within the confines of the law as it presently exists, and our other commitments, we have been doing a first-rate job. But we constantly examine it, we get requests from these agen-

cies, we get requests from the Congress, to take a look and see if we can do more.

I know this is an area of concern to the committee. I call the chairman many times in these areas when we get something where there's a concern about military readiness.

Mr. SWEENEY. One additional followup, if I may.

USER FEES

Does the Department endorse the concept or system of user fees for certain nonemergency or nonnational defense duties——

Mr. KORB. The administration does.

Mr. SWEENEY [continuing]. The nonemergency rescue of people at sea by the Coast Guard?

Mr. KORB. That is outside of our purview. We have enough problems handling our own area.

Mr. DANIEL. If the gentleman would yield, the helicopters and some of the chase planes that the Secretary referred to, the Treasury Department and other agencies have responsibility of maintaining those assets while they are being used for their purposes.

Mr. SWEENEY. I thank you for the additional time, Mr. Chairman.

Mr. DANIEL. Any other questions?

Mr. KASICH. Mr. Chairman.

Mr. DANIEL. Yes, Mr. Kasich.

PRE-POSITIONED STOCKS IN EUROPE

Mr. KASICH. I would like to ask Mr. Korb about the issue—just really, I guess, a philosophical view—I can't find the budget numbers in here—but as it relates to the pre-positioning of stocks of war material in Europe. I raised the issue at the opening session of the subcommittee about are the Europeans doing enough. Mr. Whitehurst just tells me—and I can't think of anybody whose opinion carries more weight with me than Mr. Whitehurst—about what they are doing to support us with housing.

In the area of pre-positioning any of the war materials, does it make sense for us to continue forward at the pace that we're going at the present time if our allies aren't doing enough to stand at our side for not even a 2-week period of time? Shouldn't we be demanding that they do more to support themselves and thus reduce our costs?

Mr. KORB. I think Mr. Whitehurst today was kind enough to mention the fact that there are allies doing a lot more than commonly supposed. He referred specifically to the Germans who are buying an awful lot of ammunition.

I think it makes sense for the alliance to keep getting more supplies because we simply don't have enough conventional supplies, if you will, as the other side does. The exact numbers, they can be furnished to you, but we do need more. We are all moving in the right direction. We are keeping the pressure on the alliance. As a matter of fact, I have asked—and I can furnish it to this committee; it's a classified report, for the NATO Logistics Council to do an analysis of where the money is being spent by the allies. Are they

spending too much on modernization and not enough on sustainability?

What we need to do is not only to get them to buy more; we need to work on things like interoperability. You know, one of the things we accomplished in the last year, we were all going to use the same kind of fuel for our planes, which is a major breakthrough, because we would hate to have them landing at our fields or vice versa and we couldn't use the same JP fuel.

So I think yes, we have work to do in there. We are putting pressure on the allies to do more. We all need to do more. The answer is not for us to do less.

Mr. KASICH. Senator Nunn proposed a dramatic change in U.S. policy toward NATO. Senator Nunn is respected on both sides of the aisle as somebody who really understands defense. Senator Nunn is going to continue his effort to make changes vis-a-vis the NATO alliance.

Isn't it because we keep saying we've got to work together and we have to do better. There's an old saying in southern Ohio: "I don't mind you riding my back, but don't drag your feet." Don't you think they are still dragging their feet and also riding our back? When are we going to do something? When are we going to take some action to say we're not going to put up with it any more; "you're going to raise your level of spending and stop subsidizing all your agricultural products with your defense dollars."

When are we going to do something about this? It started in the Senate. When are we going to send them some signals that "Look, we're running out of patience here?"

Mr. KORB. Again, I think you have to take a longer view. It is true that the allies in NATO have not done as much as we have over the last 4 years. But the fact of the matter is, in the decade of the seventies, where we went down in defense spending in 8 out of 10 years, they were going up. So you can't just take a look at 3 or 4 years. You have to look at the trends.

The trends are in the right direction. They are not dragging their feet in all the areas. I think as Mrs. Thatcher said quite well when she came here, she talked about the contributions that they are making to the defense of Europe, not all of which is appreciated by the United States, in terms of the percentage of ground forces that they supply, tactical air forces.

Do I wish they were doing more? Yes, I wish they were doing more, because we have a large threat out there. But we are moving in the right direction and I think we need to stay the course.

Mr. DANIEL. Dr. Korb, thank you very much. We have some additional questions we would like for you to respond to for the record. I think now we had better hear from General Mahaffey.

Mr. KORB. OK. Thank you very much.

Mr. DANIEL. Thank you, Dr. Korb. We appreciate your attendance.

Mr. DANIEL. Our next witness is Lt. Gen. Fred K. Mahaffey, Deputy Chief of Staff of the Army for Operations and Plans. This is General Mahaffey's second appearance before the subcommittee as the Army's primary spokesman for readiness.

General Mahaffey, judging from your prepared testimony in the area of the force readiness report, you must be doing something

right. I might add here that I believe you have earned that fourth star that is coming up for you, and we congratulate you.

General MAHAFFEY. Thank you, sir.

Mr. DANIEL. It is the understanding of the Chair that General Mahaffey will be promoted to a fourth star and will be Commander of the Readiness Command.

General MAHAFFEY. Yes, sir.

Mr. DANIEL. We congratulate you, sir.

You know what we're up against this year, and look to readiness experts such as yourself to provide the subcommittee with the proper context for our difficult budget decisions in the weeks ahead.

Mr. Whitehurst.

Mr. WHITEHURST. No opening statement, Mr. Chairman. I just look forward to hearing the General's statement and getting on with the Q&A. Also, congratulations on your fourth star, General. It's richly deserved.

General MAHAFFEY. Thank you.

Mr. DANIEL. Richly deserved.

General, I understand you have a prepared statement that you would like to present for the record. Without objection. I believe you're going to go through the charts for us?

General MAHAFFEY. Yes, sir.

Mr. DANIEL. Please proceed as you desire.

STATEMENT OF LT. GEN. FRED K. MAHAFFEY, DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS, U.S. ARMY, ACCOMPANIED BY MAJ. GEN. BOBBY B. PORTER, DIRECTOR, MILITARY PERSONNEL MANAGEMENT, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR PERSONNEL, DEPARTMENT OF THE ARMY; BRIG. GEN. CHARLES E. WILLIAMS, DIRECTOR, OPERATION AND MAINTENANCE, OFFICE OF THE COMPTROLLER OF THE ARMY, DEPARTMENT OF THE ARMY; AND BRIG. GEN. JACKSON E. ROZIER, JR., DIRECTOR, PLANS AND OPERATIONS, OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS, DEPARTMENT OF THE ARMY

General MAHAFFEY. Mr. Chairman, I appreciate the opportunity to again appear before this committee to talk about Army readiness. Before beginning I would like to introduce to you Maj. Gen. Bobby Porter, who is representing our Deputy Chief of Staff for Personnel; Brig. Gen. Jack Rozier, from our logistics side of the house; and Gen. Chuck Williams, who represents the Comptroller of the Army.

Mr. DANIEL. It's nice to have all you gentlemen.

General MAHAFFEY. I expect that this series of readiness hearings that you are undertaking will result in public assurance that the Army's readiness continues to improve proportionately to the amount of dollars that this Congress has appropriated over the past 4 or 5 years, and that continued support for adequate defense resources is essential in fulfilling both the Nation's and the Army's readiness requirements.

As you indicated, Mr. Chairman, I have submitted a formal statement for the record, but I would like to highlight for you now some of the more important aspects of that statement.

I know that this subcommittee is particularly interested in the whole question of the increases in readiness and capability that have occurred as a result of the funding provided over the past few years. In the time remaining, I would like to discuss, first, the Army's formal unit status reporting system. Then I would like to talk to you briefly about improvements in what I will refer to as the Army's real readiness, and finally, I will discuss what the Army is doing to improve its ability to measure and to report changes in our potential warfighting capability as a result of what is by all measures the most extensive modernization program in the Army's peacetime history.

Let me talk first about unit status, which is related to the fact that a ready unit is one that has the ability to perform its mission in support of defined operational requirements. It is dependent upon such measureable indicators as the quantity of trained personnel and the amount of serviceable equipment that is on hand in a unit to perform that mission, as well as such important intangibles as unit cohesion, morale, and the quality of personnel and leadership.

The unit status report is for us a valuable internal management tool which provides a "snapshot" or a point-in-time review of selected unit readiness indicators. In that context, it does not report all of a unit's readiness indicators. Specifically, it indicates the status of people, equipment on hand, and equipment serviceability as measured against the unit's wartime requirements, and it assesses the unit's training readiness in light of the resources that have been furnished to that unit commander by the Department.

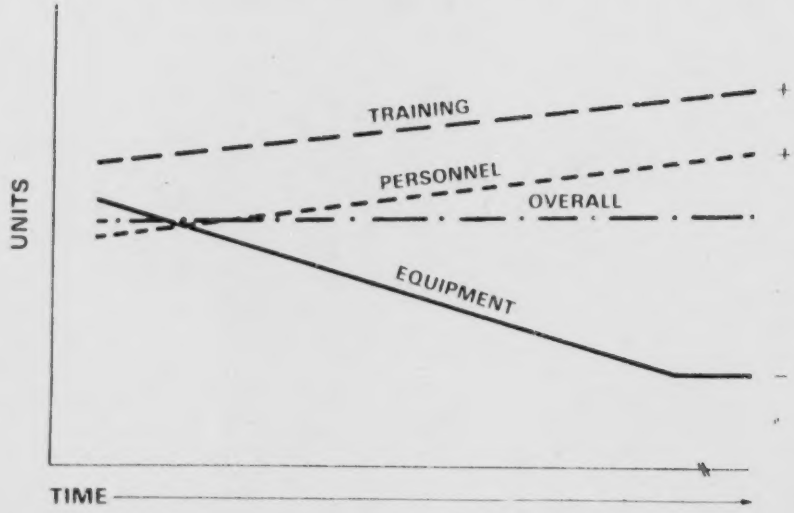
These readiness indicators reflect only a very limited view of a unit's actual warfighting status. For example, as Mr. Korb indicated, two tank battalions, one equipped with the 54 M-60 tanks that are called for in what I will refer to as the premodernization table of organization and equipment, and the other equipped with 58 M-1 tanks, under the modernized table of organization and equipment, can both, under the current unit status reporting system, reflect the same status, even though the modernized battalion has a much greater warfighting capability than the one equipped with the old tanks.

I would remind you that this system, which has been much misinterpreted and misunderstood, was developed primarily as an internal management tool for the purpose of allocating people, dollars, and equipment according to a set of internal priorities. It was not intended as an accurate or comprehensive measure of readiness in its broader sense.

Later I will talk in more detail about the system that the Army has developed to measure changes in warfighting capability and potential that have resulted from both modernization and force structure improvements, the so-called MICAF system.

ACTIVE AND RESERVE COMPONENT UNIT STATUS

1



This first chart notionally portrays what unit status reports reflect concerning the trends of ratings in the four measured areas over the past 4 years. As you can see, the reported status of training, shown in the top line, and personnel, in the second line, has improved substantially over the past few years.

The actual percentage increases or decreases are reflected in the classified statement for the record that I have provided to you.

Although reported equipment-on-hand ratings did decline during the early 1980's, they have stabilized over the past year. To be sure, real equipment shortages do exist in the Army, but the primary reason for the apparent decline in the equipment-on-hand ratings—that shown on the bottom line here—was that equipment requirements specified in our new authorization documents, developed as part of our modernization effort, were changing faster than new equipment was available for fielding to meet those requirements.

Mr. MARTIN. Just one brief question with respect to the visuals, Mr. Chairman.

Mr. DANIEL. Mr. Martin.

Mr. MARTIN. That time line, General, is——

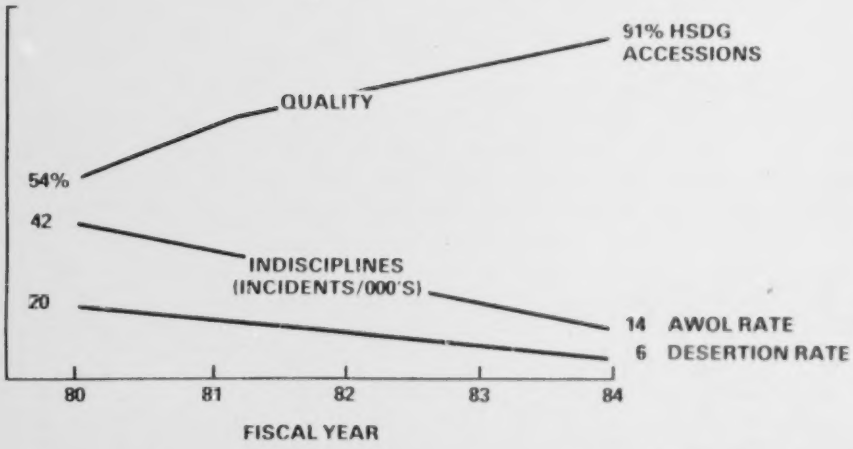
General MAHAFFEY. 1980 through the end of fiscal year 1984. It is also consistent with what we have experienced so far during fiscal year 1985.

These changes in both qualitative and quantitative requirements are a product of force structure improvements, and the resulting apparent decline in equipment-on-hand ratings does not represent a real reduction in Army readiness or force capability. In fact, even as equipment-on-hand ratings declined, the readiness and combat potential of Army units, as I will indicate later, has greatly improved because of, in large measure, the increased fielding of new and modernized equipment.

The Army is working to improve the synchronization of equipment fielding and documentation changes to eliminate these kinds of distortions from our unit status report ratings. As a result of correcting that problem, and the additional initiatives being taken to fix those equipment problems which do exist in Army units, we anticipate that the equipment-on-hand ratings will improve significantly during the remainder of fiscal year 1985. We are also reviewing and refining in many respects our unit status reporting system in order to optimize its utility for internal management purposes.

Let me talk now about real readiness. The real readiness of the Army has improved rapidly. These improvements have been brought about directly as a result of the substantial dollars that have been appropriated by the Congress over the past few years. I want to outline for you some of the indicators of those improvements in real readiness.

QUALITY VS INDISCIPLINE 2
ACTIVE COMPONENT



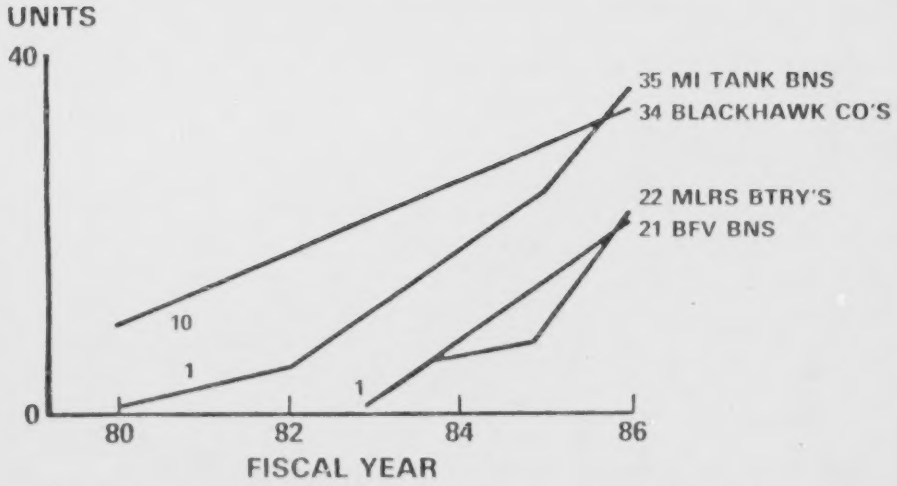
Beginning first with our people, never in our history have we had a better force of intelligent, dedicated, and highly skilled men and women in both the Active and Reserve components. Ninety-one percent of those entering the service this last year were high school graduates with diplomas, compared with 54 percent in fiscal year 1980. Similarly, this last year, only 10 percent of our new accessions scored in the lowest acceptable category in our entrance tests, compared to 52 percent in fiscal year 1980. Reduced crime statistics and lower AWOL and desertion rates, which are at an all-time low, attest to the higher quality of today's soldiers. Since fiscal year 1980 alone, AWOL's have declined 67 percent and desertions 70 percent.

PROCUREMENT HIGHLIGHTS 3
FY82—FY86 (FDP)

ITEM	ACTUAL PROCUREMENT FY82 FY84 (FDP)	PROJECTED PROCUREMENT FY85 FY86 (FDP)	TOTAL
M1 TANK	2395	1680	4075
M2, BFV	1800	1371	3171
AH64, ATK HELICOPTER	171	288	399
UH60, UTILITY HELICOPTER	276	164	440
PATRIOT MISSILE	903	1025	1928
5 TON TRUCK	11,719	5,570	17,289
10 TON TRUCK (HEMTT)	4,587	1,964	6,551
SINCGARS	1500	27,870	29,370
SECURE VOICE EQUIPMENT	52,420	22,639	75,059
NIGHT SIGHTS	13,588	33,117	46,705

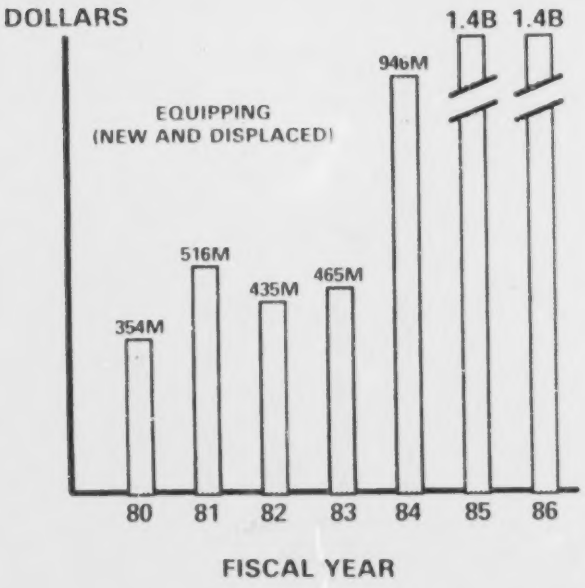
We continue to modernize the equipment of both the Active and Reserve components. Our heavy divisions, both in Europe and here in the Continental United States, have modernized with M-1 tanks and M-2 infantry fighting vehicles. Our inventories of these modern combat vehicles have increased significantly since 1982, and we are budgeted to nearly double the numbers by the end of 1986.

MODERNIZED EQUIPMENT IN UNITS 4
TOTAL ARMY



This next chart depicts the procurement of some of these systems since 1982. Also shown here are the increases in the units that have fielded this modern equipment. Thirty-five tank battalions in the Active Army now have M-1 tanks, 34 aviation companies have the Blackhawk, 21 mechanized infantry battalions have the Bradley fighting vehicle, and 22 multiple launch rocket system batteries have already been fielded.

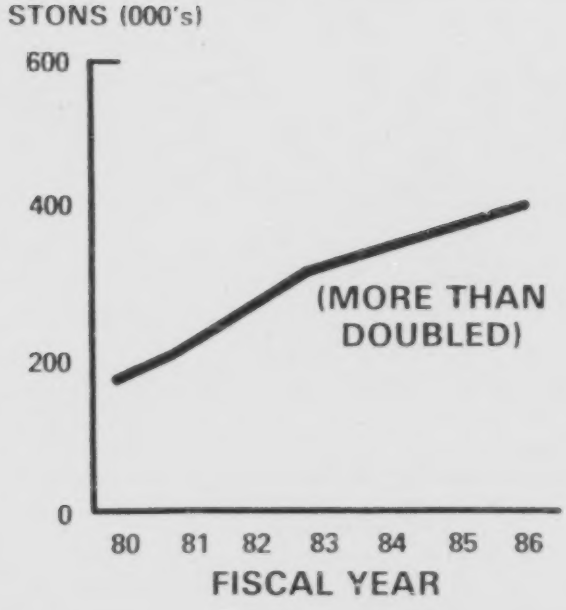
RESERVE COMPONENTS 5



The Reserve components are also getting more and better equipment. In fiscal year 1984 they received over $900 million worth of modernized equipment, and in both fiscal years 1985 and 1986 they will receive another $1.4 billion in new equipment each year.

The fiscal year 1986 budget request supports a program of accelerated modernization of the Reserve components involving an increase of from 8 to 14 tank battalions equipped with the M60 A3 tank, 21 additional AH-1S attack helicopters, and an additional air defense battalion.

POMCUS 6



The Army is also increasing the prepositioning of equipment in both Europe and Korea. By the end of fiscal year 1986, our POMCUS stocks, measured in short tonnage, will have more than doubled since 1980.

Mr. KASICH. What does that cost? Where did we go from fiscal years 1980 to 1986, Mr. Chairman, if I could ask that? Do you know what those costs are going to be?

General MAHAFFEY. Through 1986, or from 1980 to 1986?

Mr. KASICH. From 1981 to 1984, and then where we've been in the last——

General MAHAFFEY. I don't have the gross figures, but I could supply that for the record.

[The following information was received for the record:]

POMCUS

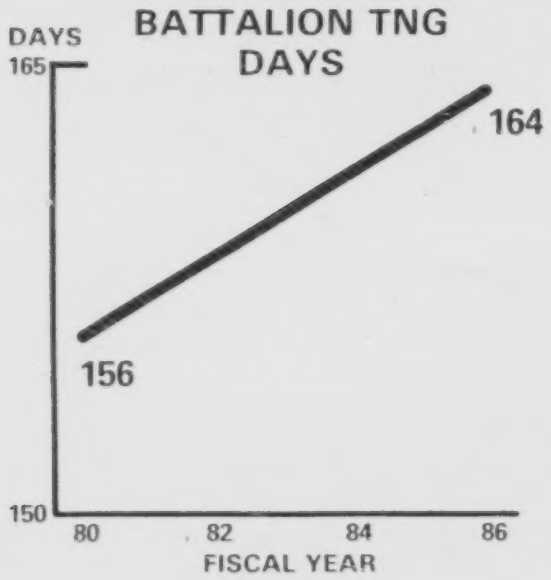
General MAHAFFEY. Equipment placed in POMCUS comes not only from procurement, but also from overhaul and displacement of items from fielding new equipment.

The Army does not procure equipment specifically for POMCUS. Equipment for the Army is programed for procurement against the Army Acquisition Objective (AAO). The AAO reflects the quantity of an item required to equip the approved U.S. Army force and to sustain that force together with specified allies in wartime.

The projected fill of POMCUS at the end of the fiscal year 1985 funded delivery period (FDP) is [deleted] The projected cost in FY85 dollars of the shortfall in POMCUS equipment is [deleted] at the end of the FY85 FDP. We do not have data relative to POMCUS shortfall in 1981.

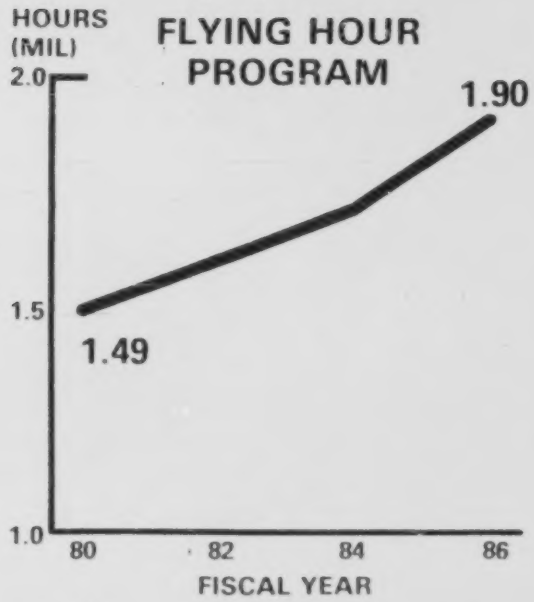
Mr. DANIEL. Thank you.

TRAINING READINESS 7



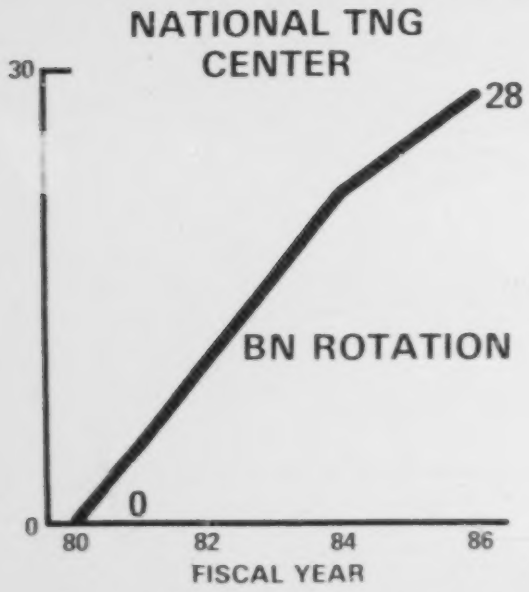
Quality training continues to increase both in tempo and efficiency. Several initiatives provide key indicators of improved readiness in this area. Battalion training days, a measure of the level or the tempo of training, continue to increase as shown here.

TRAINING READINESS



Annual flying hours for air crews will have increased by over 400,000 hours from fiscal year 1980 to fiscal year 1986, with an incremental increase of about 120,000 flying hours from fiscal year 1985 to 1986 alone.

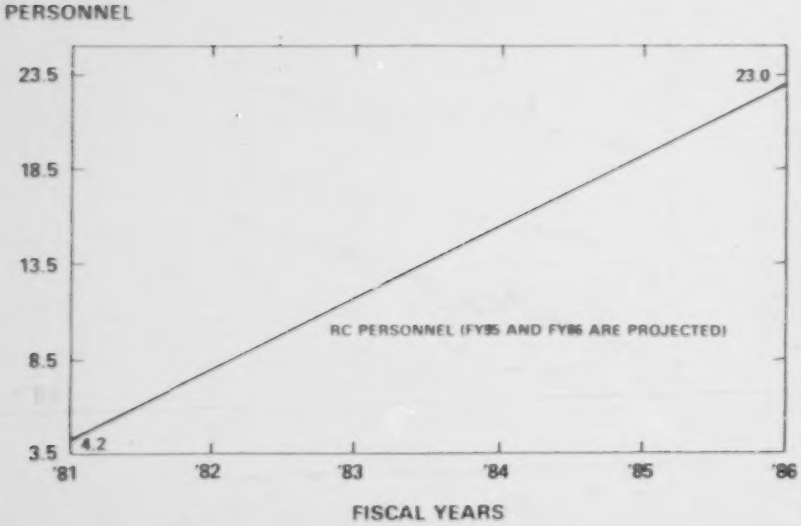
TRAINING READINESS 9



Battalion rotations at the National Training Center will reach a maximum capacity of 28 rotations this fiscal year.

RC OVERSEAS DEPLOYMENT TRAINING 10

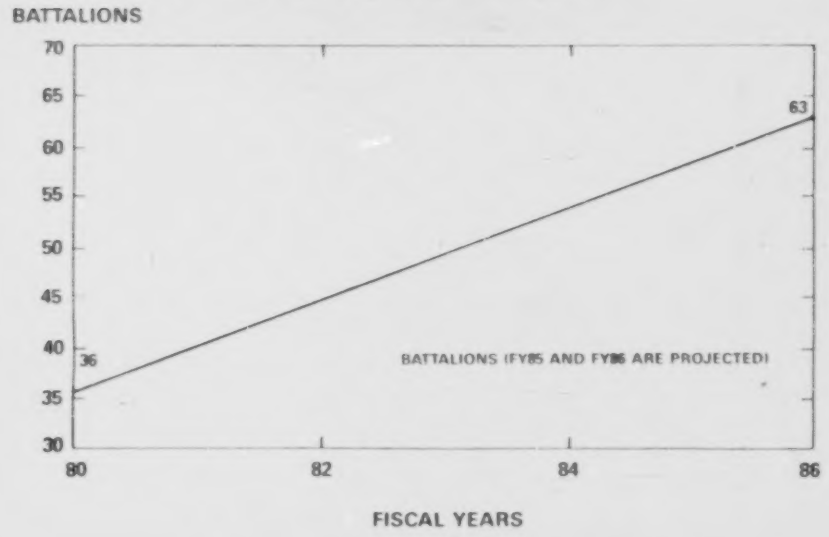
PERSONNEL IN 000's



Overseas deployment training for both active and Reserve component personnel and units has also increased. As shown here, Re-

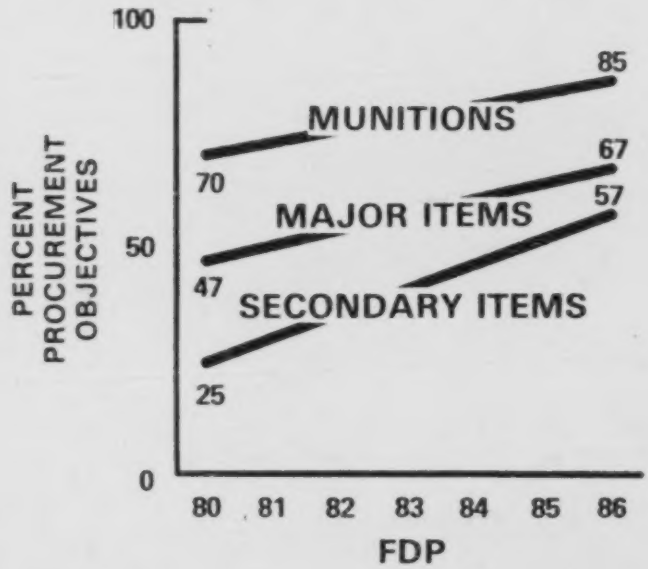
serve component personnel training overseas has increased by over 15,000 since fiscal year 1981.

OCONUS DEPLOYMENT TRAINING **11**
BATTALIONS DEPLOYED



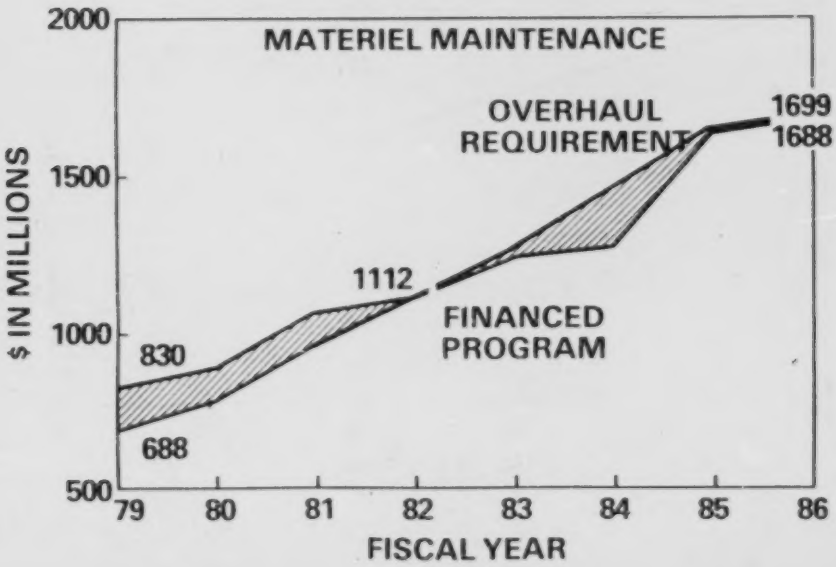
The number of both active and Reserve battalions deploying overseas continues to increase almost exponentially.

WAR RESERVE STOCKS 12



The picture of total Army war-fighting capability is not complete without considering our ability to sustain operations. This chart underscores our committed investment to improving the condition of war reserve stocks—munitions, major items, and secondary items.

DEPOT MAINTENANCE 13



A comprehensive Depot Maintenance Program is vital to the support and readiness of combat forces. Total materiel maintenance requirements for fiscal year 1986 are $1.7 billion. Although there will be in our current budget an unfinanced requirement of $11 million, this is within, we believe, an acceptable range and will not hamper key readiness initiatives in any significant way.

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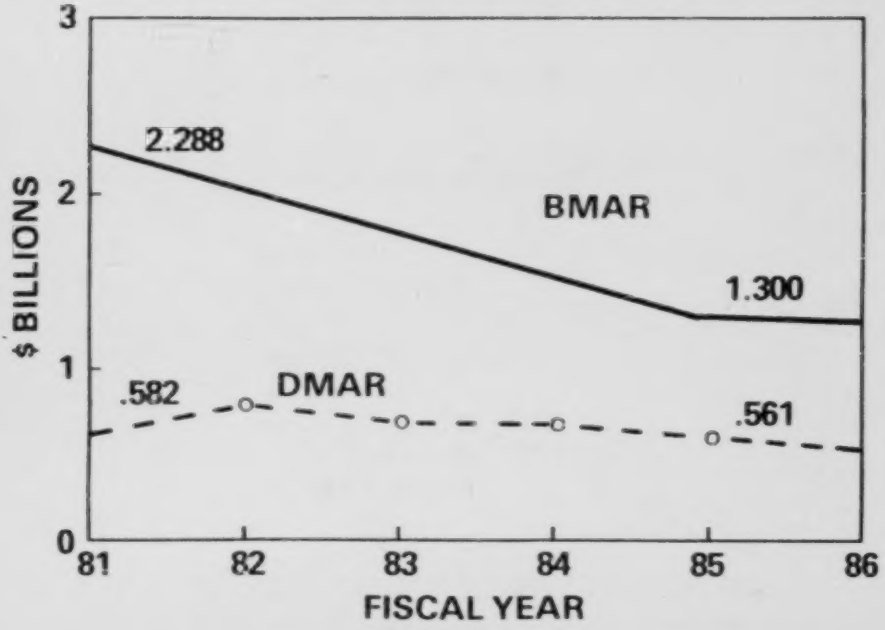
BMAR/DMAR REDUCTION 14



A viable Facilities Maintenance Program contributes substantially to the morale of our soldiers and to the readiness of combat forces. We have made excellent progress in the past 3 years by reducing the backlog of maintenance and repair by more than three-quarters of a billion dollars and by reducing the family housing deferred maintenance and repair, or DMAR, by over $100 million from its peak in fiscal year 1982.

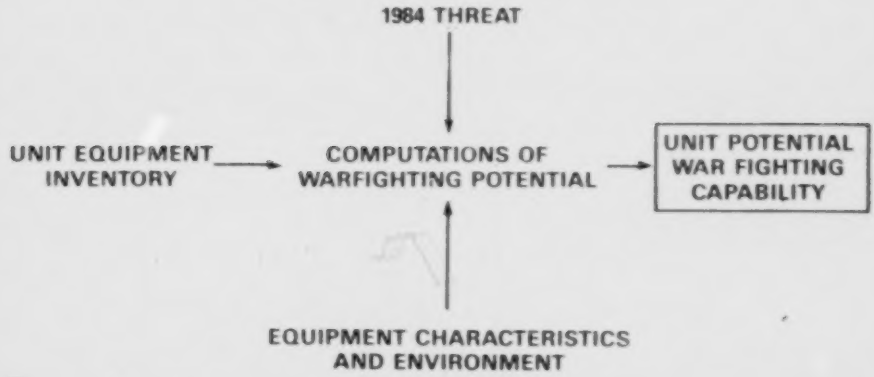
Our advances in developing a balanced force structure and in supporting it with better people, more and better equipment and training, and improvements in support and facilities, have all contributed directly to increasing actual readiness and an improved warfighting capability.

MEASURING IMPROVED CAPABILITY OF ARMY FORCES

This brings me to MICAF. In order to measure these improvements against a threat which is, itself, modernized and improving, the Army has developed the MICAF system, which is a quantitative, analytically based system for measuring and reporting changes in our divisions' warfighting capability that result from modernization.

16

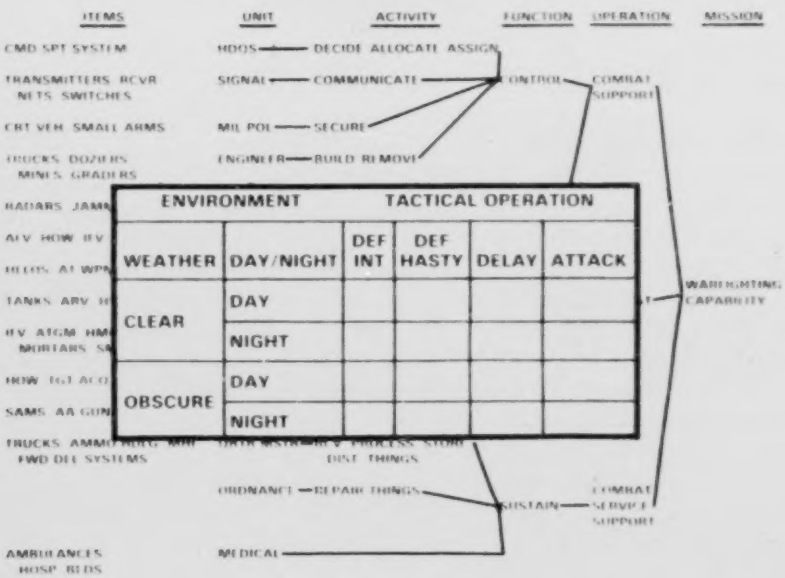
MICAF CAPABILITY MODEL



To produce the MICAF results, we take our divisional units, both active and reserve, and their inventory of equipment on hand at several points in time, and we fight a series of dynamically modeled duels between those Army divisions and a constant 1984 composite threat division, a Soviet-Warsaw pact division, in a European scenario.

17

ENVIRONMENTAL + TACTICAL CONTEXT



ENVIRONMENT		TACTICAL OPERATION			
WEATHER	DAY/NIGHT	DEF INT	DEF HASTY	DELAY	ATTACK
CLEAR	DAY				
	NIGHT				
OBSCURE	DAY				
	NIGHT				

This chart shows the several combinations of environmental and tactical postures that are used in that modeling process. In fact, each of those divisions will fight across a range of 16 or more different scenarios. Both the United States and threat units will engage each other in the four tactical postures: defense intense—or heavily dug in—hasty defense, delay, and attack. In addition, both forces conduct these operations under the different weather and light conditions that you see portrayed here. This insures that both sides are given full credit for the capability of their respective equipment assemblages.

18

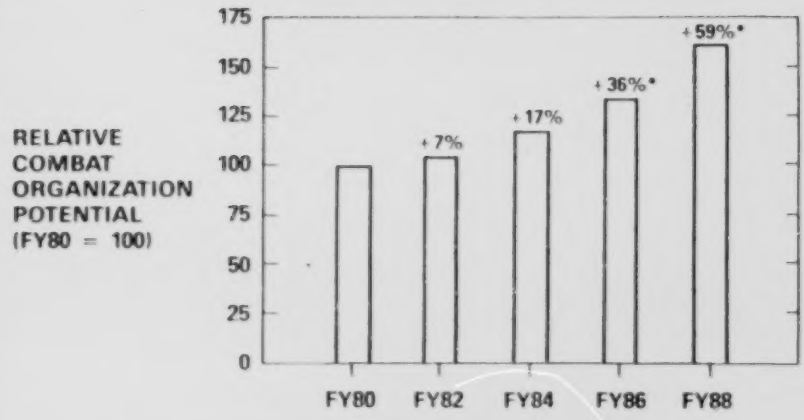
MICAF PARAMETERS

DO REFLECT	DO NOT REFLECT
• QUANTITY AND QUALITY OF MANY KINDS OF EQUIPMENT, e.g., TANKS, ARTILLERY	• NUMBER OR QUALITIES OF SOME KINDS OF EQUIPMENT, e.g., MAINT SHOP SETS
• QUANTITY OF PERSONNEL MANNING/ SUPPORTING OPERATION OF EQUIPMENT	• QUALITY, MORALE, LEADERSHIP AND TRAINING
• SOME CONTROL FUNCTION CAPABILITIES (i.e., COMMO, EW)	• COMMAND ASPECTS OF CONTROL FUNCTIONS
• PERFORMANCE CHANGES RESULTING FROM ENVIRONMENTAL CONDITIONS (LIMITED TO SENSOR DEGRADATION)	• DETAILED PERFORMANCE DIFFERENCES RESULTING FROM SUPPORT OF COUNTER MEASURES (e.g., COVERING MINES WITH FIRE)
• EFFECTS OF SUPPORT ON SHORT-TERM SUSTAINMENT	• EFFECTS OF SUPPORT ON LONG-TERM SUSTAINMENT
• SOME REPRESENTATION OF TACTICAL DOCTRINE THROUGH INPUT FACTORS, e.g., ENGAGEMENT PREFERENCES AND RANGES	• SOME ASPECT OF TACTICAL DOCTRINE, (e.g., MANEUVERABILITY, SURPRISE)

Shown here are the factors that are considered and those which are not considered in the MICAF model itself. MICAF considers and reflects such things as quantity and quality of the many kinds of equipment, the quantity of personnel that are manning and/or supporting the operations of the equipment, and the effects of support on short-term sustainability of those forces in combat. On the other hand, not reflected in MICAF are such factors as the quality of personnel, morale, leadership, state of training or unit cohesion, and the effects of support on long-term sustainability of the forces.

19

ACTIVE ARMY DIVISIONS
(INCLUDING ROUNDOUTS)



Improvements in warfighting capability for the 16 Active Component divisional units in the force through 1984 are shown here. To be sure, within the 17-percent improvement that we reflect here, there are divisions, the more modernized divisions, which range up to 30 percent or more in terms of assessed improvements. There were also divisions which show a smaller improvement than 17 percent. But on the average, there was a 17-percent improvement through Fiscal year 1984. I would remind you that that is measured against a modernizing threat.

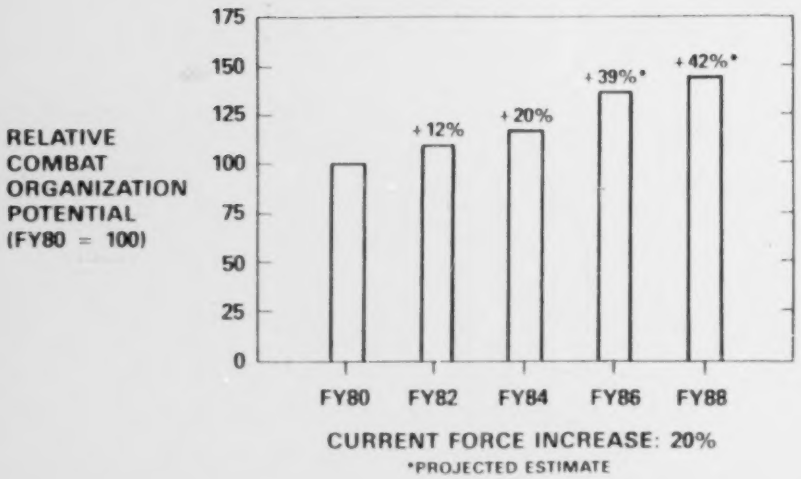
These values also include the contributions of National Guard and Army Reserve units which round out those respective divisions that are stationed in the continental United States. The improvements shown for fiscal year 1985 do not yet reflect the effects of the funds appropriated by the Congress in Fiscal Year 1984 and Fiscal Year 1985 budgets for the Army.

Assuming a 2-year funded delivery period, the modernization initiatives that were funded in the fiscal year 1984 appropriation will result in a projected warfighting increase of 36 percent overall by fiscal year 1986. Again, assuming a 2-year funded delivery period for the fiscal year 1986 budget, we project an improvement of nearly 60 percent for those active divisions by the end of fiscal year 1988.

20

NATIONAL GUARD DIVISIONS

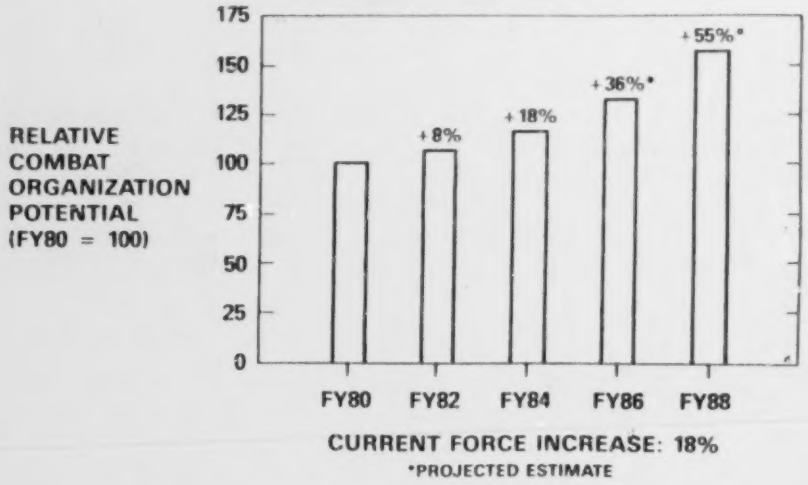
FY80-FY88



This next chart reflects the potential warfighting capability improvements of the eight National Guard divisions. The fiscal year 1980 to 1984 figures represent actual on-the-ground equipment in divisional units. The fiscal year 1986 and fiscal year 1988 figures represent the estimated projected increase resulting from the fiscal year 1984 and fiscal year 1986 budgets respectively, again assuming a 2-year funded delivery period.

TOTAL ARMY

FY80-FY88 (24 DIVISIONS)



This final MICAF comparison chart reflects the total Army divisional potential warfighting capability increases from fiscal year 1980. Note that, to date, divisional potential warfighting capability has increased, as a consequence of modernization, by about 18 percent, and by fiscal year 1988 will improve by 55 percent, assuming congressional support of our fiscal year 1986 budget request.

Mr. Chairman, I want to assure the subcommittee that today's Army is stronger, is better manned, is better equipped, better trained, better supported, and more capable of performing its mission than at any time in our recent history. The progress that we have made in recent years clearly reflects the support and cooperation of the Congress. Continued support will be essential to meet the readiness challenges of the future.

We have tried here to address readiness in its broadest sense and stand ready to answer any questions the committee may have of either me or my cohorts at this time.

Prepared Statement of Lt. Gen. Fred K. Mahaffey

OPENING REMARKS

Mr. Chairman, I appreciate this opportunity to appear before your Subcommittee to discuss Army Readiness. Before I begin, I would like to introduce Major General Porter who represents the Deputy Cnief of Staff for Personnel; Brigadier General Rozier who represents the Deputy Chief of Staff for Logistics; and Brigadier General Williams who represents the Comptroller of the Army.

I anticipate this series of Readiness Hearings will result in public assurance that Army Readiness continues to improve proportionately to increased Defense spending, and that continued support for adequate Defense is essential in fulfilling the Nation's and the Army's Readiness requirements.

First and foremost, be assured that Readiness continues to be the Army's first priority. It continues to be the core of our planning, programing, budgeting and execution efforts. A key point, which I will discuss later in more detail, is that Readiness is only one aspect of the capability of the Total Army, both Active and Reserve Components.

Today the Army is in a state of unprecedented transition, as we embark on the most extensive modernization program in our peactime history. We are reshaping the composition, orientation, and balance of land forces to carry our share of the Nation's overall military strategy in response to long standing and emergent strategic realities.

THESIS FOR LANDPOWER

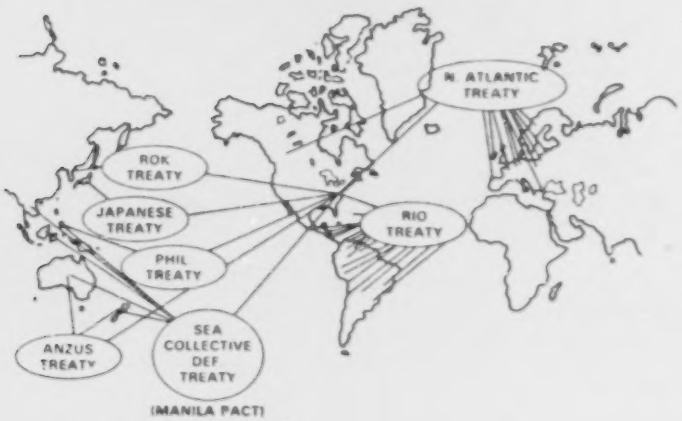
Congress and the American public should understand why the Army has taken the modernization efforts it has. Accordingly, I will summarize the strategic and doctrinal premises upon which our initiatives rest in the major force structure, modernization, equipping, personnel, training, and readiness improvements.

Landpower is the central element of our Nation's deterrent and warfighting capabilities. The Army is developing the capability to meet both the present and the future challenges of a rapidly changing world. I want to emphasize the strategic, operational and tactical utility of Army forces in meeting our security needs during this era of dramatic change. The strategic utility of land forces has never been greater. I believe the evidence is compelling that Army forces today possess such utility across a broad spectrum of contingencies.

Tne strategic implications of this historically unique transition stem from and are driven by the global U.S. obligations and

interests. Economic, military and political realities force the United States to maintain a global perspective, fashioning a flexible military strategy based on joint operations for collective Defense within a coalition framework.

UNITED STATES COLLECTIVE DEFENSE ARRANGEMENTS



Our pursuit of deterrence must proceed according to a world-wide strategy. In executing that strategy, we have established a set of regional priorities. Effective deterrence requires that the Army maintain sufficient forward deployed forces to counter a limited warning attack in those regions of greatest consequence to our own national security. For over 40 years in Europe and for 30-plus years in Korea we have successfully deterred war. This fact is too often overlooked or ignored. Peace is, after all, the objective.

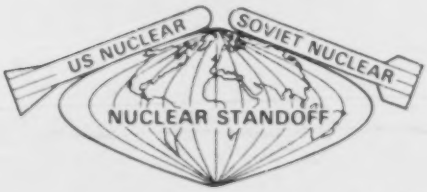
An effective deterrence and warfighting capability also requires the rapid reinforcement of forward deployed forces by additional combat, combat support, and combat service support forces. Our strategy depends heavily on strategic mobility to move the right forces to the right place at the right time. We are also heavily dependent on Reserve Component forces which are capable and ready.

Finally, credible deterrence hinges on the effective implementation of a wide range of pre-crisis measures which can prevent minor crises and low-intensity conflicts from escalating into superpower confrontations.

The end result of our strategic approach is deterrence. But deterrence of what kind, to what end, and by whom? Do we have the

right balance and mix of forces with the utility required to maintain deterrence?

THE SHIFTING BURDEN OF DETERRENCE



MODERN CONVENTIONAL LAND FORCES ESSENTIAL TO . . .

- RAISE NUCLEAR THRESHOLD
- COUNTER SOVIET LAND POWER
- PREVENT ESCALATION OF MINOR CRISES & LOW INTENSITY CONFLICT
- ASSIST IN NATION BUILDING
- ACHIEVE STRATEGIC OBJECTIVES

The answers to these questions are complicated by the fact that deterrence itself is also undergoing a process of redefinition. Under the present conditions of rough nuclear parity (at least quantitatively), the burden of deterrence will continue to shift toward modern conventional forces for the reasons and purposes shown here. The way to counter Soviet landpower, and thereby raise the nuclear threshold, is to capitalize on the flexibility and utility of modern, conventional forces. To underscore this point, let me return to the matter of our regional strategic objectives.

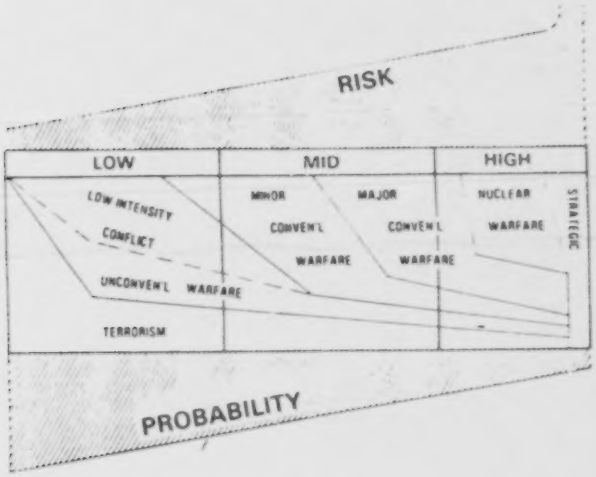
REGIONAL STRATEGIC OBJECTIVES

• DETER ATTACK ON NATO
• PREVENT COERCION OF US & ALLIES
NATO TREATY
• MAINTAIN BALANCE OF POWER & STABILITY
ROK TREATY
JAPANESE TREATY
PHIL TREATY
ANZUS TREATY
MANILA PACT
RIO TREATY
• MAINTAIN SECURITY
• CONTAIN & REVERSE SOVIET POWER BASE
• PROTECT ACCESS TO RESOURCES, KEY FACILITIES AND LOCs
• SECURE ACCESS TO OIL
• DETER SOVIET HEGEMONY

These longstanding objectives reflect not only the global span of our national interests and obligations, but also the land-oriented nature of the threat. Except perhaps for certain areas of the Pacific region, each of these objectives is fundamentally "land-based," involving access to and protection of people, borders, resources, and institutions against predominantly land-force threats. Clearly, our joint military strategy for accomplishing these objectives involves the best efforts and full capabilities of all the services. But, it is modern, sustainable, forward-deployed and rapidly deployable land forces which constitute the logical and effective foundation of our joint deterrent and warfighting capability.

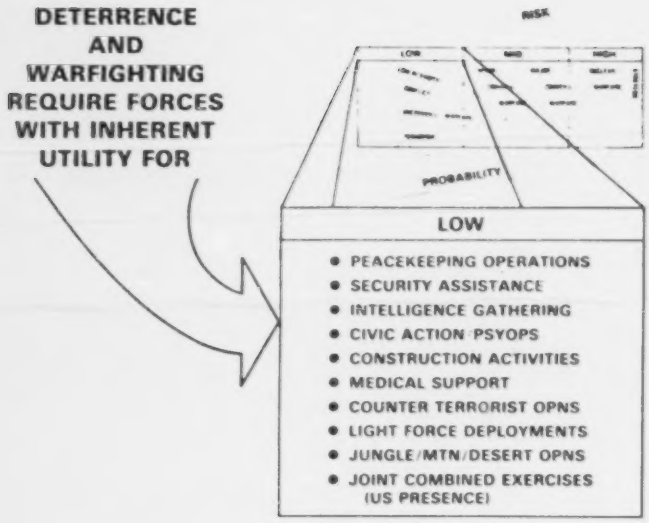
Against this strategic backdrop, it is useful to consider the kind of capabilities that the Army, unilaterally or as part of a joint force, may have to furnish for peacekeeping, deterrence or fighting. In other words, the Army must be prepared to execute the AirLand Battle and operate across a spectrum of conflict.

A SPECTRUM OF CONFLICT

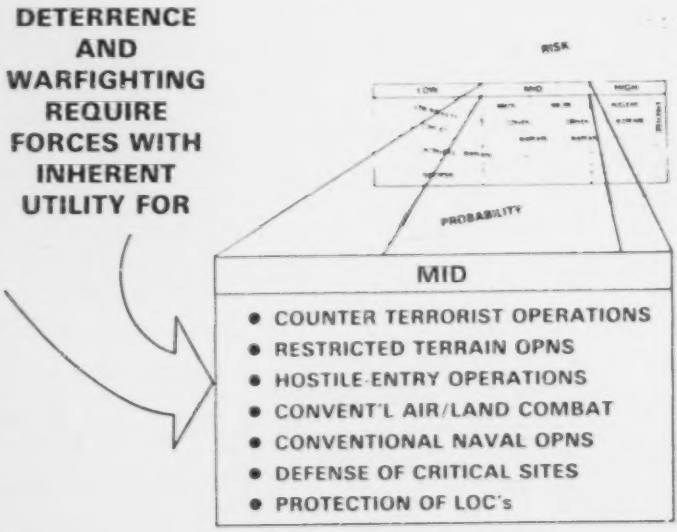


The spectrum extends from low-intensity to high-intensity forms of conflict set against the parameters of risk probability. At the high end of the spectrum is strategic nuclear war. The incalculable costs and risks associated with strategic nuclear war, its potential linkage with theater nuclear weapons and, at least in NATO, the further linkage by policy and doctrine between theater nuclear, battlefield nuclear, and major conventional war, all argue that this form of conflict is relatively less likely because of the costs and risk involved. This same logic also argues that conventional war, if it occurs under today's conditions of general nuclear parity, is much more likely to remain limited, rather than escalate to major nuclear war.

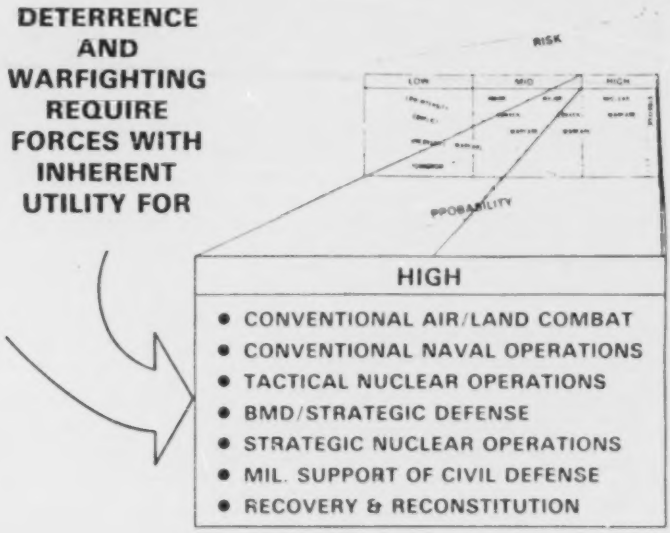
At the other extreme is a most reprehensible form of conflict, terorrism, which respects neither geographical nor conceptual boundaries. In fact, terrorism may occur across the spectrum of conflict. The same may also be said for unconventional warfare. All of this serves to underscore the complexity of planning and training for all the potential forms of conflict. We must simultaneously be prepared to counter terrorism, deter and fight unconventional war, as well as fight and win a conventional war.



Since low-intensity conflict is the clear trend for the future, the most likely tasks for military forces are those portrayed here. These tasks are most effectively performed by predominately Army forces, and indeed are being carried out superbly today by Army forces around the world.



Because of the linkage and potential escalation mentioned earlier, the missions depicted here are relatively less likely to occur if our pre-crisis and low-intensity deterrent actions are effective. However, should deterrence fail, Army land forces are uniquely suited for such operational tasks. The predominant terrain around the world where such conflicts might occur is the type for which light, rapidly deployable ground forces are required and uniquely suited.



These, we must hope, are the least likely future tasks for military forces. But these are the tasks on which we have focused the bulk of our attention in strategy, doctrine, and resource allocation. This is the true realm of joint-force and coalition warfare.

Beyond these specific considerations of tasks and force utility, the reality remains that, at any level of conflict, only land forces can exercise direct, continuing and decisive influence over people, institutions, and resources.

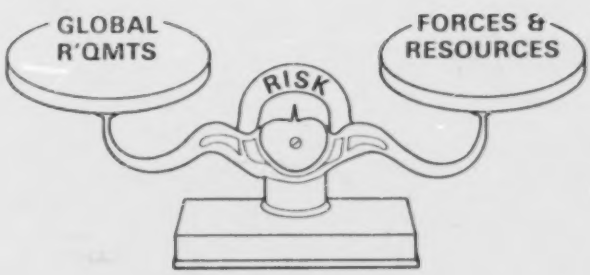
The case for Landpower is clear and unequivocal. The Army represents the Nation's real "peacetime force in being" with unequaled utility across a broad pattern of potential employment, in peacetime or war. The strategic realities today, and those projected for the rest of this century, point overwhelmingly toward a continuation of global strategy. The patterns of future conflict and the changing nature of the threat dictate that our strategy for deterrence must provide the National Command Authority flexible response options across the entire spectrum of conflict.

IMPLICATIONS FOR THE ARMY

- REQUIRE IMPROVED BALANCE IN STRUCTURE & POSTURE
- MODERNIZED COMBAT FORMATIONS...LIGHT AND HEAVY
- RAPIDLY DEPLOYABLE FORCES
- REGIONALLY ORIENTED SPECIAL OPNS FORCES
- EXPLOIT INFO-PROCESSING TECHNOLOGY
- OBTAIN LEVERAGE THRU WEAPONS/SYSTEMS TECHNOLOGY

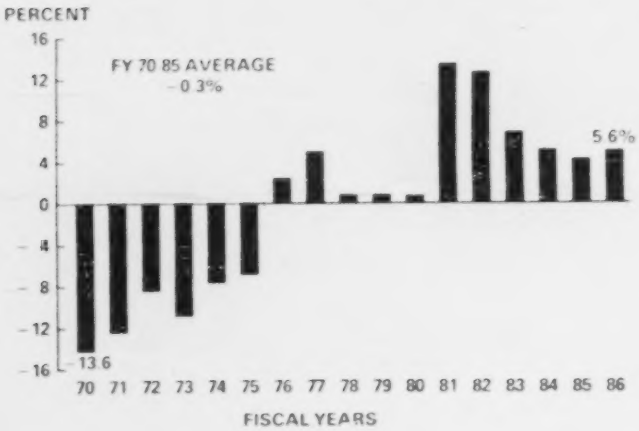
The success of this strategic approach depends heavily on the Army's ability to improve the balance in its force structure and in its Readiness posture; to modernize its combat formations and to improve its rapid deployability on a strategic scale. As a complement to these measures, enhanced, regionally oriented Special Operation Forces will be needed to meet the unique requirements involved in deterrence of low-intensity conflict. And, finally, the Army must pursue every means possible to exploit the leverage that modernized, ready Reserve forces, high-technology weapon systems and information management can provide.

ACHIEVING A BETTER FORCE BALANCE



CONSTRAINTS

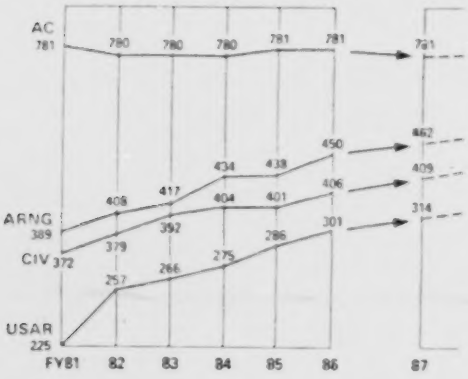
ARMY REAL GROWTH TRENDS



The Army does recognize, however, that there is a limit on resources available. For a variety of economic and political reasons, the real growth rates realized in Army budgets in FY81 and FY82 are no longer a valid basis for future fiscal planning or programing. For example, this year's 5-year program (86-90 Program Objective Memorandum (POM)) was based on an assumed 6½% real growth rate, which in hindsight, was unrealistically high. The Army's 5-year Program was undercosted, and therefore, to a substantial extent, unaffordable. The clear trend for the foreseeable future is one of continued moderate increases at reduced rates of real growth, reflecting necessary budgetary constraints. Suffice it to say that innovative programs are required to operate with increasingly constrained dollars and manpower.

Realization of constrained resources, along with Congressional encouragement, led to a reassessment of projected active manning levels. The Chief of Staff decided that the Army would program for a constant end strength of approximately 781,000 for the Active Component (AC), and program future strength increases only for the National Guard and Army Reserve.

TOTAL ARMY END STRENGTH (000s)

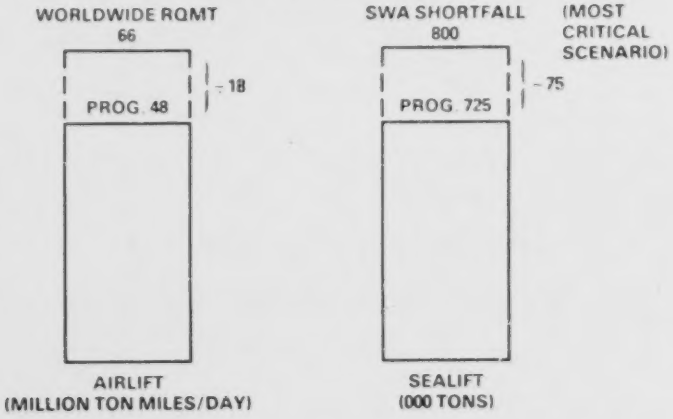


Another constraint confronting the Army is strategic lift. A global strategy depends heavily on our ability to move the right forces to the right place at the right time. However, the availability of sufficient airlift and sealift has long been a constraint on the strategic flexibility of land forces. Both the Navy and the Air Force have made significant improvements in their lift programs, but under current programing guidance the shortfall will continue through their FY90 programs and beyond.

In airlift, we will continue to experience a shortfall of some 18 million ton-miles per day. The C-17 program will alleviate much of this, but not until after 1992.

In sealift, the critical shortfall is primarily in the availability of fast sealift for a contingency such as Southwest Asia. Even with the SL-7 program, we will still be unable to move 75,000 to 100,000 short-tons of equipment fast enough to meet Southwest Asia operational requirements.

SHORTFALLS... STRATEGIC AIRLIFT & SEALIFT (THRU FY 90 PROGRAM)



Strategic lift constraints played a significant role in the Army's decision to design light forces to provide a wide variety of global response options but with reduced lift requirements. The strategic imperatives for improving overall force balance led the Army leadership to the conclusions shown here.

STRATEGIC IMPERATIVES AND RESOURCE CONSTRAINTS LEAD TO THESE CONCLUSIONS...

- REEXAMINE FORCE STRUCTURE
- REEXAMINE FORCE DESIGNS WITHIN THE STRUCTURE
- INCREASE LT FORCE CAPABILITY FOR STRATEGIC FLEXIBILITY AND IMPROVED DETERRENT POSTURE

FORCE STRUCTURE

The Army's total review of force requirements and design changes included considerations of such key factors as global war plans, risk, affordability, modernization, sustainability, deployability, and readiness. The analysis for the force as a whole and for type units at each level, led the Army to the various initiatives shown here.

FORCE STRUCTURE AZIMUTHS

HEAVY FORCES	LIGHT FORCES
DIVISION 86 REFINEMENTS	RESTRUCTURING TO INCREASE CAPABILITY
• CONTINUE MODERNIZATION PROCESS	• INCORPORATE 10K DESIGN
• STREAMLINE DIV 86 DESIGNS	• SUSTAIN HIGH TECH EFFORT
• CONTINUE BDE ROUNDOUT	• ENHANCE SOF/RANGER FORCES

EXPANDED AVIATION STRUCTURE

IMPROVED SUSTAINABILITY

As a result, today's Army, in the midst of its most extensive modernization in history, is now more capable than at any time since World War II to execute the national strategy to deter first and prevail in war should deterrence fail. Both forward deployed and CONUS forces have increased warfighting capabilities as they transition to newer organizations better tailored to the threats we face.

The overall effort is focused on improving the warfighting capability of the Corps by allocating it a greater share of the total combat capability, in keeping with AirLand Battle doctrine.

The modernization program for heavy forces will continue, with refinements to the armored and mechanized Division 86 designs.

The program to roundout selected CONUS-based divisions with Reserve Component brigades will continue, as we rely increasingly on the Reserve Component to meet our Total Army mission requirements.

Let me emphasize here that the light force restructuring initiatives are not in competition with, nor at the expense of, heavy force modernization--and we must prevent any possible misunderstanding about these initiatives.

The 9th Infantry Division at Ft. Lewis, WA, is being converted to a High Technology Motorized Division and will continue as the test bed for evaluating emerging technologies and concepts applicable to both light and heavy forces. We are also expanding the Army's aviation structure in a move to strengthen the division and corps commanders' ability to rapidly influence the battle. And, finally, inan effort to improve the overall sustainability of the force, we are adding selected logistics force structure, while also streamlining our logistics "tail" by capitalizing on productivity improvements in materiel handling, transportation and information management.

Let me turn now to the new Light Infantry Division. The flexibility and deterrent capability of the 10,000-man design hinged on making the division light enough to deploy with speed and agility in a pre-crisis or low-intensity setting, yet keeping it robust and "tailorable" enough to remain survivable and useful when employed in a mid- to high-intensity scenario.

As a prototype of this design, the conversion of the 7th Infantry Division at Fort Ord, CA is now underway, and the lessons learned from fine-tuning that organization will be applied to the 10th Mountain Division recently activated at Fort Drum, NY, and the 6th Infantry Division (Light) to be activated in Alaska.

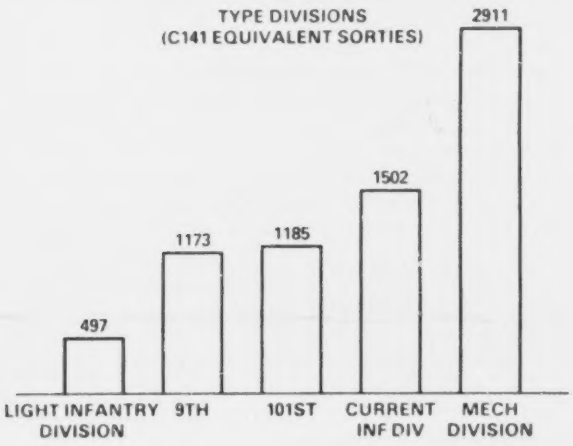
LIGHT INFANTRY DIVISION SCHEDULE

DIVISION	COMPLETES CONVERSION OR ACTIVATION IN
7TH ID (FT. ORD)	FY85
25TH ID (SCHOFIELD BARRACKS)	FY86
10TH MT (FT. DRUM)	FY88
6TH ID (ALASKA)	FY87
29TH ID (ARNG-MARYLAND, VIRGINIA)	FY87

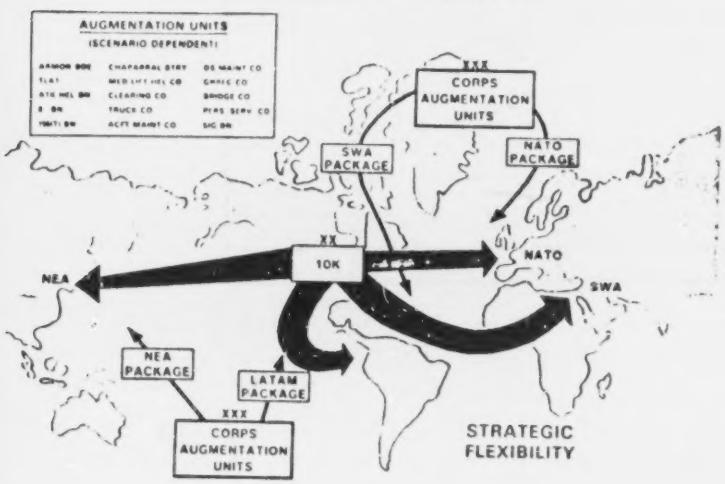
The decision to base the 6th Infantry Division in Alaska was based on our assessment of stationing options for the 10th Mountain Division, and a related but broader examination of the Army's strategic posture. We concluded that there was a need to strengthen our land forces on the West Coast, particularly in Alaska. Following selection of Fort Drum as the stationing site for the 10th Mountain Division (Light Infantry), the Secretary of Defense approved activation of an eighteenth Active Component Division in Alaska. This division, designated the 6th Infantry Division, will be configured as light infantry, and tailored for theater defense of Alaska and the Aleutians. Activation will begin in FY86 with the restructuring of the 172d Infantry Brigade currently stationed at Forts Richardson and Wainwright. A Reserve Component roundout brigade will also be designated in FY86. The 6th Infantry Division structure will be completed by adding an additional Active Component brigade in FY87.

These light division initiatives give us increased strategic flexibility. With about 10,600 soldiers each, the light divisions will have a higher "fighter-to-support" ratio than existing divisions. They can deploy world-wide three times faster than an infantry division. Shown here is the increased deployability of the light division, taking into account the limits of existing air and sealift resources.

STRATEGIC DEPLOYABILITY



LIGHT DIVISION INITIATIVE



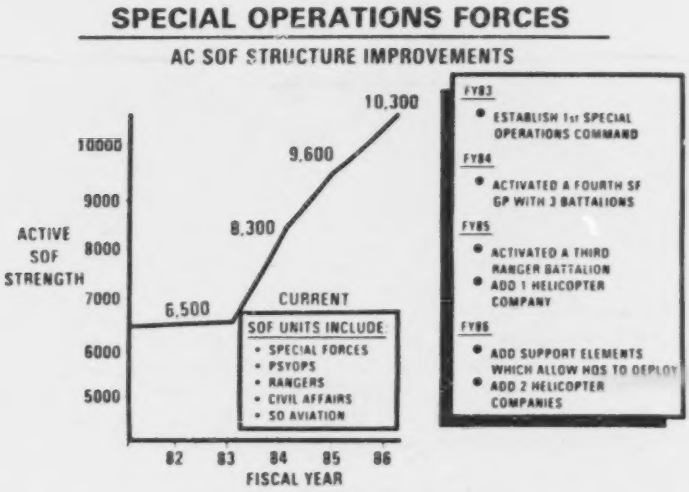
Early, rapid, and strategic deployment greatly enhances our deterrent and war fighting capability. We are working closely with our sister services to close the shortfalls that now exist in our strategic deployability.

This chart shows the net effect of these force initiatives on our divisional structure. The recent activation of the 35th Division (Mechanized) Army National Guard (ARNG) at Fort Leavenworth, KS will increase the number of mechanized divisions from seven to eight. As we reconfigure our infantry forces, standard infantry divisions will be reduced from nine to six, but we will have five new light infantry divisions (6th, 7th, 10th, 25th, and 29th) plus a high-tech motorized division (9th HTMD).

DIVISION ACTIVATIONS & CONVERSIONS

	FY 83	FY 84	FY 85	FY 86	TOTAL
ARMORED	6				6
MECHANIZED	7	ACTIVATE 35TH MECH (NG)			8
INFANTRY	9		CONVERT 7TH ID TO LT 9TH ID TO MTZ	CONVERT 25TH ID TO LT	6
LIGHT INFANTRY	0		ACTIVATE 10TH MT (LT)	ACTIVATE 6TH & 29TH ID (LT)	5
HIGH TECH MTZ	0				1
AIRBORNE	1				1
AIR ASSAULT	1				1
TOTAL	24	25	26	28	28

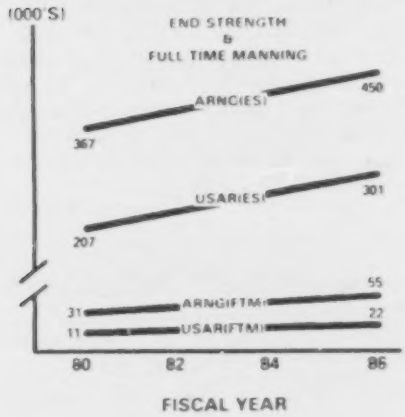
A frequently overlooked aspect of the Army's light force modernization initiatives involves the enhancement of Special Operation Forces (SOF). These valuable non-divisional assets--Rangers, Special Forces, PSYOPS, Civil Affairs and special operations aviation--provide unique capabilities that complement conventional forces and increase the strategic flexibility of the total force, from low-intensity conflict across the spectrum. The quantitative and qualitative improvement of these forces is underway now through implementation of a time-phased master improvement plan.



Highlights of the SOF master plan are shown here, and include activation of the 1st Special Forces Group at Ft. Lewis, WA, and the activations of both a Third Ranger Battalion and the 75th Infantry Regiment (Ranger) headquarters at Ft. Benning, GA. Special Operation Forces aviation capabilities are being enhanced, as well as better integration of Active and Reserve Components, and improved command and control capabilities.

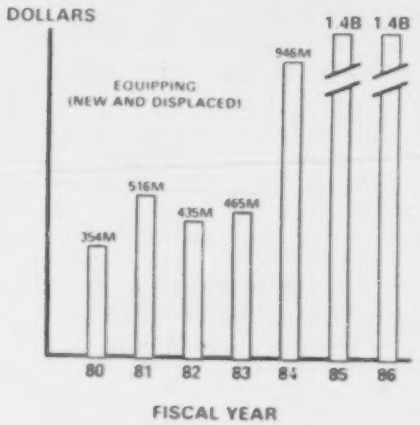
Our force structure initiatives also reflect a deliberate shift toward an expanded role for the Reserve Component forces. As the following charts show, trends in the Reserve Component are favorable. Their strength is up significantly and Full-Time Manning is growing to support modernization efforts.

RESERVE COMPONENT



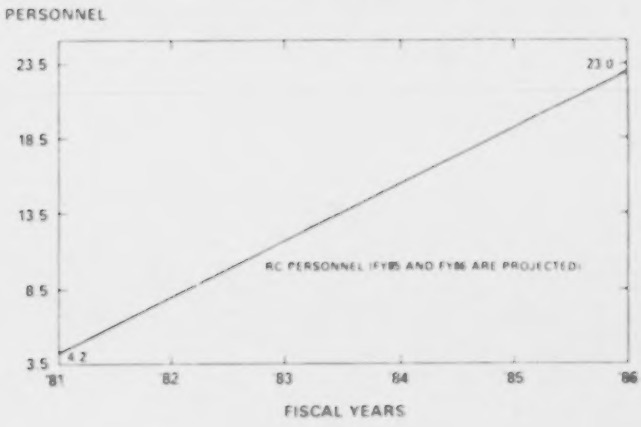
The Reserve Component is getting more and better equipment as well. In FY84 the Reserve Component received over $900 million of modernized equipment, and in both FY85 and FY86, they will receive another $1.4 billion worth each year. The FY86 Budget request supports an accelerated modernization of the Reserve Component. This enhancement includes an increase of 14 tank battalion sets, 180 AH-1S attack helicopters, and three air defense battalions.

RESERVE COMPONENT



Training in the Reserve Component, for both combat and combat support units, has become more extensive and demanding. In FY85 and FY86 a total of eight Army National Guard Battalions will train at the National Training Center. Reserve Component overseas deployment training has also increased as shown here.

RC OVERSEAS DEPLOYMENT TRAINING
PERSONNEL IN 000's



In FY84, 9,500 more Reserve Component personnel participated in deployment training than in FY81. The Reserve Component is expected to deploy over 23,000 personnel by FY86. The same trends are evident in Reserve Component unit/unit cells deploying for training overseas.

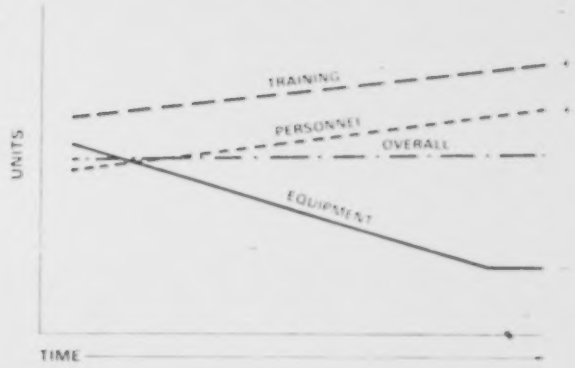
UNIT STATUS

I know that this committee has a strong and continuing interest in trends in the Army's Readiness. A unit's readiness is its ability to perform its mission in support of operational requirements. It is dependent upon such measureable indicators as personnel and equipment required to perform that mission and such intangibles as unit conesion, morale, and quality of personnel and leadership. Readiness is but one aspect of a unit's warfighting capability; equally important factors are Force Structure, Modernization and Sustainability.

The Unit Status Report provides a valuable snapshot, point-in-time review of selected unit Readiness indicators; in that context, it does not measure an organization's total Readiness or warfighting Capability. Specifically, the report indicates the status of personnel, equipment-on-hand and equipment serviceability as measured against the unit's wartime requirements, and assesses a unit's training proficiency in light of available resources. These Readiness

indicators are only a small part of warfighting Capability. For example, two tank battalions, one equipped with 54 M60 tanks and the other equipped with 58 M-1 tanks, can both be reporting the same unit status, even though the modernized battalion has a much greater warfighting Capability than the one equipped with the old tanks.

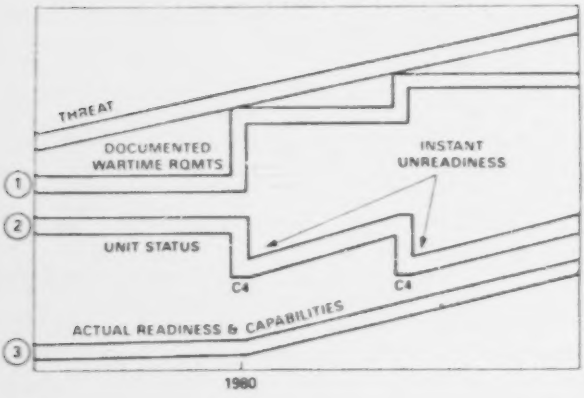
ACTIVE AND RESERVE COMPONENT UNIT STATUS



This chart notionally portrays what Unit Status Reports reflect concerning the trends in the measured areas over the past four years. The status of training and personnel has substantially improved. Although equipment-on-hand ratings declined during the early 1980's, they have stabilized over the past year. Real equipment shortages do exist. The primary reason for the apparent decline in the equipment-on-hand ratings was that equipment requirements specified in authorization documents were changing faster than new equipment was available for fielding. These changes in qualitative and quantitative requirements are a product of force structure improvements and equipment modernization. The resulting decline in equipment-on-hand ratings masks the fact that the Readiness and combat potential of Army units greatly improved due to the increased fielding of modernized equipment.

Documented authorization and requirement changes for equipment are frequently made to support new organizational designs and doctrinal concepts which are designed to optimize our combat effectiveness. Under the current Unit Status Reporting System, as soon as a unit's wartime requirements are changed, it must compare its on-hand equipment to these new requirements. As a result, unit status ratings can drop overnight, although the actual equipment-on-hand, the readiness, and the capability of the unit has not been decreased, and in fact may have increased. This is what is sometimes referred to as "instant unreadiness."

UNIT STATUS IS DEGRADED BY DOCUMENTATION CHANGES



This chart depicts how documentation changes caused by modernization affect unit status ratings causing "instant unreadiness". In 1980 and earlier, the threat outpaced documented wartime requirements as depicted by line 1. Since 1980, however, new doctrine has been developed and wartime requirements have been redesigned to keep pace with the threat. As these major wartime requirement changes are implemented, they cause an abrupt increase in requirements. Line 2 shows that, even though the actual equipment-on-hand may have improved, Unit Status dips each time one of these major documentation changes occurs. This is because, overnight, a new standard for computing unit status has been established and equipment fielding lags documentation changes. The paradox is that real Readiness and Capability, represented by line 3, have steadily improved due to the unit resource improvements.

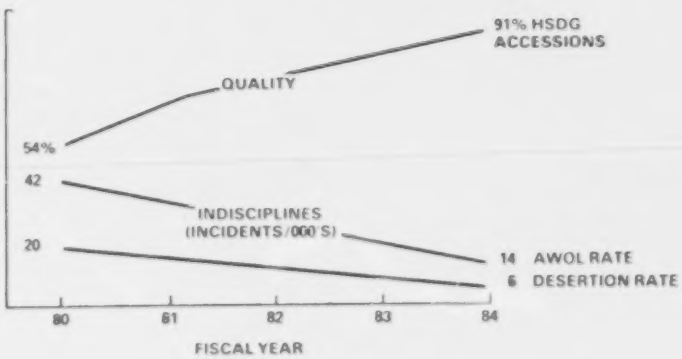
The Army is working to, first, improve its documentation and equipment fielding procedures. As a result of correcting this problem, we anticipate that equipment-on-hand ratings will significantly improve in FY85. Second, the Army is working to improve its Unit Status Reporting System. Third, the Army is working to improve its ability to reflect improvements in capability of Army divisional forces. I will discuss later the system the Army has developed to measure changes in warfighting potential resulting from modernization and force structure initiatives. Let me illustrate some of the improvements that have been made. Here are the facts.

REAL READINESS

Manning the newer organizations and modern equipment in today's army are superb soldiers. Never in our history have we had a better force of intelligent, dedicated, highly skilled men and women in both the Active and Reserve Components. Ninety-one percent of those entering the service last year were high school graduates with diplomas, compared with 55% in FY80. Similarly, last year only about 10% of our new accessions scored in the lowest acceptable category on our entrance tests, compared to 52% in FY80.

Reduced crime statistics and lower AWOL and desertion rates attest to the quality and professionalism of today's soldiers. Increased recruiting resources and expertise, enlisted bonuses and the Army College Fund are significant factors which enhance our ability to attract and keep the quality soldiers we need. However, as demographics change and the economy improves, we will need continued Congressional support to keep the quality soldier in the Army.

QUALITY VS INDISCIPLINE
ACTIVE COMPONENT



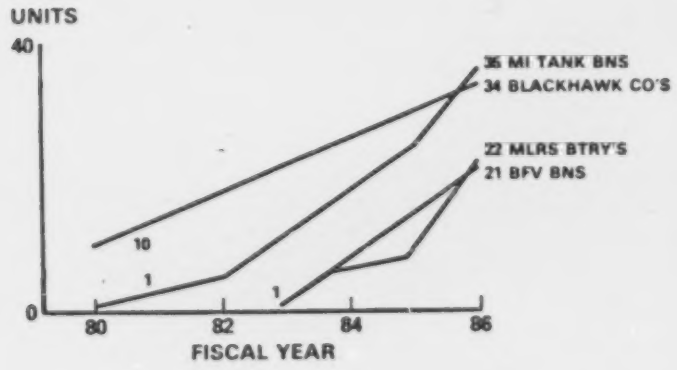
Today's Army has made substantial improvements in equipment. The more modern equipment provides greater capability and increased reliability. New equipment is being procured, and older equipment upgraded. The following chart depicts procurement of some of these systems, as well as some of the less glamorous items.

PROCUREMENT HIGHLIGHTS
FY82—FY86 (FDP)

ITEM	ACTUAL PROCUREMENT FY82 FY84 (FDP)	PROJECTED PROCUREMENT FY85 FY86 (FDP)	TOTAL
M1 TANK	2395	1680	4075
M2 BFV	1800	1371	3171
AH64 ATK HELICOPTER	121	278	399
UH60 UTILITY HELICOPTER	276	164	440
PATRIOT MISSILE	903	1025	1928
5 TON TRUCK	11 719	5 570	17289
10 TON TRUCK (HEMTT)	4 587	1 964	6 551
SINCGARS	1500	27 870	29 370
SECURE VOICE EQUIPMENT	52 470	22 639	75 059
NIGHT SIGHTS	13 588	33 117	46 705

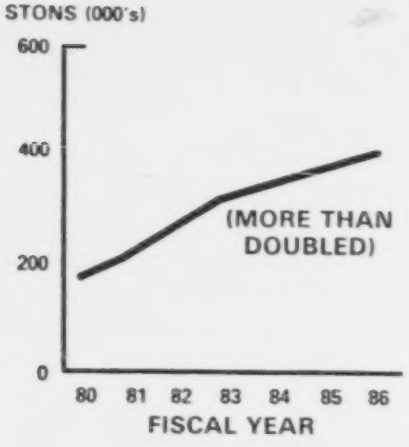
The Army continues to modernize the equipment of the Active and the Reserve Components, particularly the heavy forces which are NATO oriented. The heavy divisions, both in Europe and CONUS, have modernized with M-1 tanks and M-2 Infantry fighting vehicles; our inventories of these modern combat vehicles have increased significantly since 1982 and are budgeted to nearly double by the end of FY 1986. Represented here are the increases in the numbers of units that have received this modern equipment.

MODERNIZED EQUIPMENT IN UNITS
TOTAL ARMY



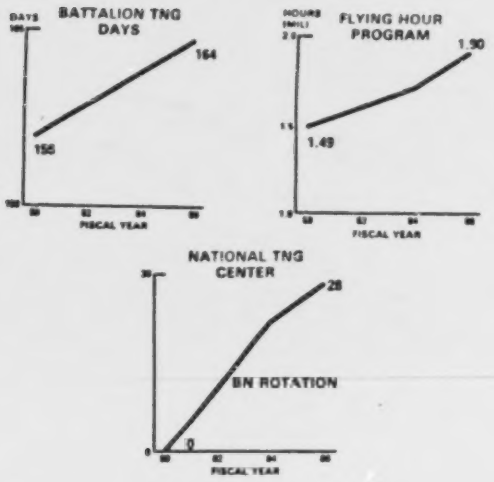
We have also procured equipment and prepositioned it to respond to our international commitments. Prepositioning Army equipment has reduced deployment times and strategic lift requirements. As indicated here, POMCUS fill in Europe by the end of FY86 will have doubled since FY80.

POMCUS



Quality training is a critical dimension of Readiness and continues to increase in tempo and efficiency. Battalion training days have increased. Annual flying hours for aircrews will have increased by over 400,000 hours from FY80 to FY86. Annual investment in simulators has increased four-fold since FY80 and will increase another $103 million dollars by the end of by 1986. These simulators represent state of the art technology and they will provide more realistic training at a lower cost. The National Training Center, opened in FY82, provides the most realistic, tough and demanding training for heavy battalions, short of actual combat, and will be operating at a full capacity of 28 battalion rotations this year. By the end of FY85, 86 battalions, seven of which will have been Army National Guard battalions, will have participated in this training.

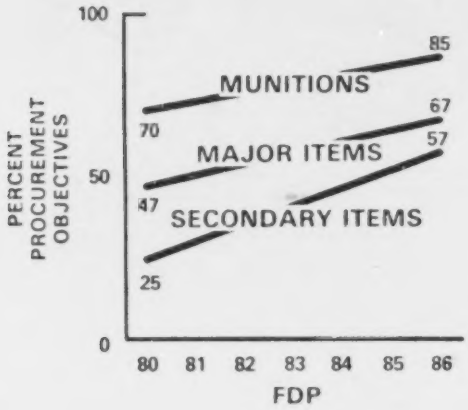
TRAINING READINESS



In our school system, a number of innovations are being used to increase the effectiveness and efficiency of training. For example, the Army has a new and revolutionary staff officer training course at Ft Leavenworth, the Combined Arms and Services Staff School. All warrant officers now receive not only the requisite training in officer skills but also technical certification prior to appointment. To meet force modernization systems requirements which are coming into the force at an accelerated pace, we added primary and basic technical non-commissioned officer courses to insure trained maintenance/supervisory personnel. Additionally, with emphasis on Total Army Readiness, Reserve Component overseas deployment training has risen dramatically. Not only does this improve its training Readiness, it enhances its Capstone alignment and sharpens mobilization and deployment capability.

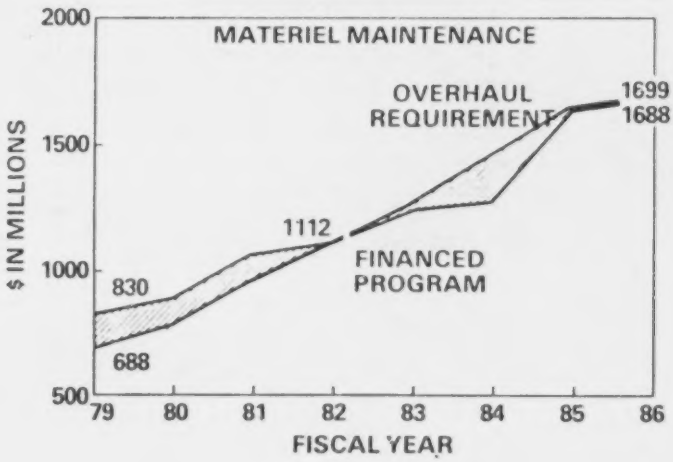
The picture of Total Army Readiness is not complete without considering our ability to sustain our warfighting capability. This chart underscores our committed investment to improving the condition of war reserve stocks. Although gains have been made, we must continue to rectify these shortfalls.

WAR RESERVE STOCKS



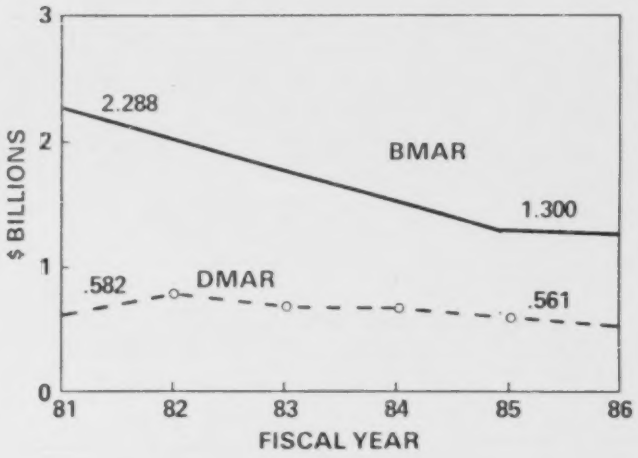
A comprehensive depot maintenance program is vital to the sustainment and Readiness of combat forces. Total materiel maintenance requirements for FY86 are $1.7 billion. Although funding for materiel maintenance has grown $51 million since FY85, an unfinanced requirement of $11 million for FY86 exists. This is within an acceptable range, however, and will not hamper key Readiness initiatives.

DEPOT MAINTENANCE



A viable facilities maintenance program contributes immeasureably to the morale of our soldiers and to the readiness of combat forces. Improved living and working conditions have positive effects on performance, retention and even recruitment efforts. We have made excellent progress in the past three years by reducing the Backlog of Maintenance and Repair (BMAR) by more than $750 million and by reducing the family housing Deferred Maintenance and Repair (DMAR) by over $100 million from its peak in 1982. This has improved the Readiness of soldiers, especially in forward deployed areas. Nevertheless, the backlog remains unacceptably high. The budget request will continue the improvements, but the pace will have to be slowed to accommodate other Army initiatives.

BMAR/DMAR REDUCTION



What I have illustrated is the interrelationship of Force Structure, Modernization, Readiness and Sustainability in the overall improvement of Army Capability. Our advances in developing a balanced force structure and supporting it with better people, more and better equipment, more and better training, and improvements in sustainability have all contributed directly to increased actual Readiness and improved warfighting capability.

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MEASURING IMPROVED CAPABILITY OF ARMY FORCES (MICAF)

The Army has developed a system called "Measuring Improved Capabilities of Army Forces," or MICAF. It is a quantitative, analytically-based system for measuring and reporting changes in a division's potential warfighting capability due to modernization.

To produce the MICAF results, we take our divisional units and their inventory of equipment-on-hand at several points in time, and fight a series of "duels" between Army divisions and a constant 1984 composite threat division in a European scenario.

MICAF CAPABILITY MODEL

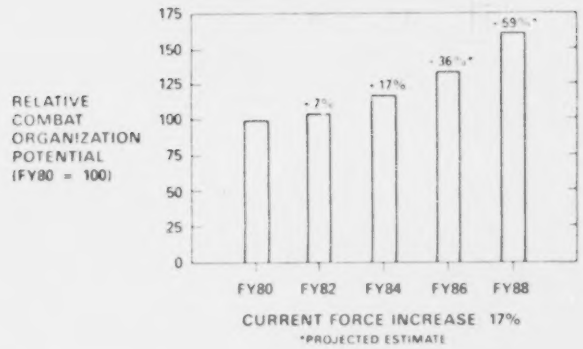
Shown here are the factors both considered and not considered in the MICAF model. MICAF reflects such things as; quantity and quality of many kinds of equipment, quantity of personnel manning and/or supporting operations of equipment, and effects of support on short-term sustainability. On the other hand, not reflected in MICAF are such things as; quality of personnel, morale, leadership, training or unit cohesion and effects of support on long-term sustainability.

MICAF PARAMETERS

DO REFLECT	DO NOT REFLECT
• QUANTITY AND QUALITY OF MANY KINDS OF EQUIPMENT (e.g. TANKS, ARTILLERY)	• NUMBER OR QUALITIES OF SOME KINDS OF EQUIPMENT (e.g. MAINT SHOP SETS)
• QUANTITY OF PERSONNEL MANNING SUPPORTING OPERATION OF EQUIPMENT	• QUALITY, MORALE, LEADERSHIP AND TRAINING
• SOME CONTROL FUNCTION CAPABILITIES (i.e. COMMO, EW)	• COMMAND ASPECTS OF CONTROL FUNCTIONS
• PERFORMANCE CHANGES RESULTING FROM ENVIRONMENTAL CONDITIONS (LIMITED TO SENSOR DEGRADATION)	• DETAILED PERFORMANCE DIFFERENCES RESULTING FROM SUPPORT OF COUNTER MEASURES (e.g. COVERING MINES WITH FIRE)
• EFFECTS OF SUPPORT ON SHORT TERM SUSTAINMENT	• EFFECTS OF SUPPORT ON LONG TERM SUSTAINMENT
• SOME REPRESENTATION OF TACTICAL DOCTRINE THROUGH INPUT FACTORS (e.g. ENGAGEMENT PREFERENCES AND RANGES)	• SOME ASPECT OF TACTICAL DOCTRINE (e.g. MANEUVERABILITY, SURPRISE)

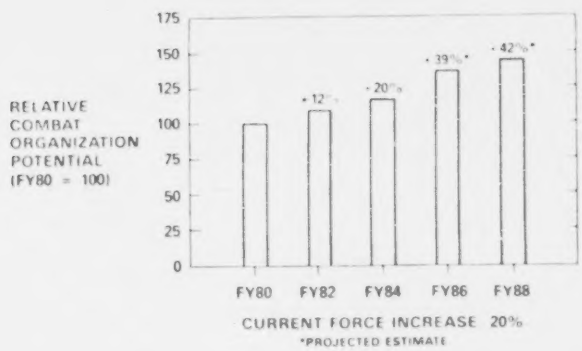
The unit potential warfighting capability improvement for the 16 Active Component divisional units is shown here. The percent change indicated is measured from an FY80 base of 100. The Active Component divisions realized an increase in warfighting capability from actual on-the-ground equipment of 17% between FY80 and FY84. These values also include the contributions of National Guard and Army Reserve Units which round out the respective divisions. Assuming a two year funded delivery period, the modernization initiatives contained in the FY84 budget will result in a projected warfighting potential increase of 36% by FY86. Again assuming a two year funded delivery period and approval of the FY86 budget request, we project an improvement of 59% in FY88.

ACTIVE ARMY DIVISIONS
(INCLUDING ROUNDOUTS)

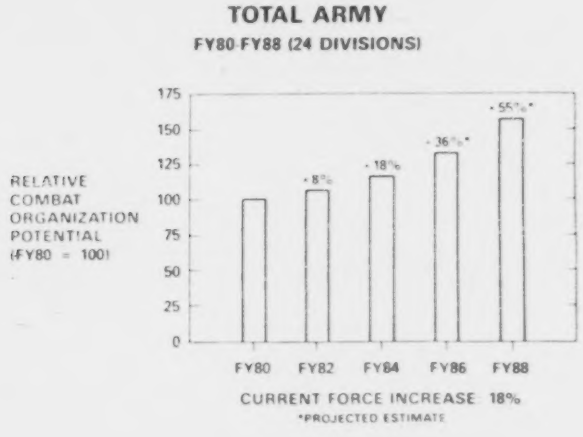


This chart represents the increased potential of the eight National Guard Divisions. The FY80-84 figures represent actual on-the-ground equipment in divisional units. The FY86 and FY88 figures represent the projected increase resulting from the FY84 and FY86 budgets respectively (again assuming a two year funded delivery period).

NATIONAL GUARD DIVISIONS
FY80-FY88



This final MICAF comparison chart reflects the Total Army divisional potential warfighting capability increase from FY80. Note that, to date, our divisional potential warfighting capability has increased as a consequence of modernization by 18%, and by FY88 will improve to 55% assuming Congressional support of the FY86 budget.



Certain intangibles greatly affect the Army's Readiness posture. Some of these intangibles are leadership, morale, cohesion and the family environment. Difficult to measure, these are aspects of any unit which play a large part in how that unit functions and its ability to accomplish its mission. I am confident, however, that these intangibles are "well" in the Army. In my travels throughout the Army, in talking with soldiers and observing how hard they train and strive to do things right, I can see and feel these positive components of Total Army Readiness.

SIGNIFICANT SHORTFALLS

Despite the progress we are making with your support, there are still shortfalls which need to be addressed. Strategic mobility continues to be one of the Army's primary concerns. The Army must rely on its sister services, the Air Force and the Navy, to meet its global deployment commitments.

As this chart demonstrates, despite recent improvements in our air and sealift capabilities, substantial shortfalls continue to exist for both inter-theater and intra-theater requirements. Even with the Army's programs for prepositioning equipment, there are significant shortfalls in our ability to project the force and sustain it in combat. Congressional support for the Air Force C-17, the C5B and Civil Reserve Air Fleet (CRAF) enhancements as well as the Navy's SL7

is a positive step toward reducing our airlift/sealift shortfall.

Although we have made progress, POMCUS is inadequate to accommodate follow-on forces. Moreover, shortfalls from specified stockage objectives exist in key war reserve stocks, specifically ammunition, consumable repair parts and personnel support items such as cold weather clothing.

Closely aligned with our need for a sufficient deployability means is our need for a responsive mobilization capability. Shortfalls exist in our ability to quickly mobilize adequate manpower, particularly those with specialized skills.

The Army continues to identify and correct deficiencies in the capability of CONUS installations to outload early deploying and mobilizing units. Likewise, outloading deficiencies at many deployment installations are being corrected. Additional funding is required, however, if we are to be postured in peacetime to facilitate rapid deployment in war.

Our failure to modernize our chemical defensive and retaliatory capability is a significant concern. The Soviet Union already has a formidable and expanding chemical warfare capability, and continues to devote significant resources to research and development of chemical warfare programs. Moreover, they have repeatedly demonstrated a willingness to employ these weapons. Being able to fight under chemical warfare conditions is a special aspect of our Readiness. Last year I provided the Armed Services and Appropriations Committees a special report on Chemical Defense Readiness, in response to a requirement from the FY84 Appropriation Act. This classified report addresses the progress we have made and the limitations we face. The FY86 request continues our effort to resolve those deficiencies. Nearly three-quarters of the Army's Nuclear-Biological-Chemical budget request is for defensive measures. However, defense by itself does not do the job. The cost is too high. Chemical defense equipment and procedures impose a 30-50% loss of fighting capability. We cannot allow such a one-sided advantage to an enemy who uses chemicals.

Our critical requirement is for a modern, safe, and effective deterrent and retaliatory capability. First we need a capability which is effective, and which others know is effective, in order to deter them from initiating chemical warfare. Then we need a capability to strike back and even the odds if they decide to use chemicals anyway. Our present capability is old and deteriorating. Only a small portion, about 10%, is the right combination to match the AirLand battlefield requirements. Our current munitions are already filled with lethal chemical agents and are hazardous to store, handle, and deploy. Binary munitions will give us a stockpile which meets the requirements of today's battlefield doctrine, one which is much safer to store and handle, and also one which is smaller. Then we can dispose of the old, obsolete munitions we now have to contend with.

The FY86 request provides the funds to start production of the 155MM binary artillery projectile, build production base facilities in support of the Navy's Bigeye Bomb, and to prepare for destruction of existing chemical weapons. It also has the funds to continue development of a chemical capability for the multiple-launch rocket system (MLRS). This will help fill the gap between short range artillery and deep strike systems.

The asymmetry in chemical warfare capabilities could provide the Soviet Union the ability to nullify our entire modernization program and thereby lower the nuclear threshold. Until we have a modern deterrent and retaliatory capability we jeopardize many of our other recent improvements in weaponry and invite the one-sided use of chemicals against us. I strongly solicit Congressional support for this program which is vital to our National Defense.

CLOSING

This year the Army theme is Leadership. We in the Army will focus all our efforts to make Army leaders and soldiers the best possible. Ours is a dangerous world. Many conflicts, from insurgency and terrorism to conventional warfare, are currently being waged. We expect to be outnumbered on any battlefield upon which we stand. Ultimately, however, it will be the human spirit, responding to outstanding leadership, which will permit us to prevail.

The excellence that we are striving to achieve and maintain in the Army is necessary to respond to the challenges of a turbulent, violence-prone world where military strength and the will to use it can deter conflict, or defend our national interests if deterrence fails. A condition of nuclear stalemate underscores the importance of landpower to the deterrence of war. Concomitantly, this places an increased burden of responsibility on the army to provide leaders and forces capable of responding to the national interest across the spectrum of warfare.

Today's Army is stronger and better equipped to perform its mission than at any time in its recent history. A balanced force of Active, Reserve and Civilian components provides this nation with a capability to meet the wide range of contingencies for which we must prepare.

We are at a critical juncture today. The progress that we have made in recent years reflects the support and cooperation of Congress. Continued support will be essential to meet the Readiness, Modernization, Sustainment, and Force Structure challenges of the future Army of Excellence.

Mr. Chairman, I have addressed readiness in its broad sense. I now stand ready to provide this Subcommittee with the more detailed information it may need to continue to support improvements in the Army's Readiness and warfighting capabilities.

Mr. DANIEL. Thank you very much, General Mahaffey.

I don't know whether you can do this or not, but I have been sitting here and trying to think of how it could be done. I can't think of a way. But if your staff could somehow draw up a chart on modernization, what systems have been upgraded, which ones remain to be upgraded—I really don't know how to ask the question because I can't figure out how to do it myself. But you have people there smarter than I, so maybe they can show us exactly and precisely where we have modernized and where we intend to go from here.

General MAHAFFEY. Absolutely.

Mr. DANIEL. If you can do that.

General MAHAFFEY. Yes, sir, it would be very easy and we would be glad to do it.

[The following information was received for the record:]

FORCE MODERNIZATION

General MAHAFFEY. The Army's modernization program includes capability increases to both weapons systems and force structure. The force modernization of heavy forces under Division 86 has resulted structurally in more companies with increased leader to led ratios; enhanced tactical mobility and command and control through incorporation of new systems; maximized firepower forward; and continuous combat operations through the integration of advanced battlefield concepts. Army of Excellence design initiatives have provided the corps commanders with flexibility to employ concentrated forces.

Key objectives in modernizing the Army's force structure are to strike a sound balance between modernized heavy and light forces by: continuing modernization of heavy forces; accelerating and intensively managing the modernization of light forces with innovative designs and rigorous training programs; implementing new special operations forces initiatives; expanding our combat forces while maintaining an adequate mix of combat, combat support and combat service support units; improving the match between AC/RC units by better alignment of missions and capabilities by more focused and intensive management of the resourcing of high priority RC units.

There are approximately 400 materiel systems classified by the Army Modernization Information Memorandum (AMIM) as modernization items. Each of these systems is at a different point in time in the acquisition and fielding cycle and must be treated independently when comparisons are made between what has been accomplished and what remains to be accomplished.

Examples of modernization progress for selected major system procurement thru FY85 are shown below:

Percent of Program Procured

System:	*Percent*
M-1 Series Tank	55
M-2/3 BFVS	43
UH-60 Helicopter	64
AH-64 Helicopter	46
Patriot Fire Units	53
Patriot Missiles	26
Multiple Launch Rocket System Launchers	87
Multiple Launch Rocket System Rockets	32

Mr. DANIEL. You heard the question that I asked Mr. Korb about the proposed actions in the Senate. If this is followed and this becomes law, what effect will that have on your readiness program and your modernization? How would it affect the capability of the Army?

General MAHAFFEY. Well, our rough calculations of that formula, zero growth this year and fiscal year 1986, is that it would equate to something roughly around a negative 6-percent figure in our

budget. If that were the case, a decrement of 6 percent in our budget, it would, of course, as Mr. Korb said, have to be applied in a balanced way. We simply could not afford to take that kind of a hit, translated into the $2 billion-plus it would represent, in any one area. I rather suspect, though, that it would be concentrated largely in procurement and perhaps to a lesser extent in the O&M area.

It is hard to make a judgment at this time. We have just gotten the information in hand this morning. But it would clearly have a major and significant and long-term impact on both capability and readiness.

Mr. DANIEL. Mr. Whitehurst.

Mr. WHITEHURST. Thank you, Mr. Chairman.

It was a good statement, General, and I share your enthusiasm about the progress we have made. We have a great Army, we really do, and a lot of great things have happened.

If my colleagues will bear with me, one of the most gratifying days I spent was at the National Training Center back about 2½ years ago. At the time it was not being utilized to the fullest, there at Fort Irwin. You indicate it is being utilized to its capacity right now. To be sure I understand, if you had the money to take another battalion, you literally could not send it there because all the time is taken up; is that correct?

General MAHAFFEY. We're talking specifically about the heavy battalions, Mr. Whitehurst, the mechanized and the tank battalions. It is, of course, primarily structured to accommodate and to train them.

On the other hand, there are from time to time areas at the National Training Center that are available for training of light forces—noninstrumented, not directly able to afford the target arrays and so on that are available for the heavy forces. But in order to optimize our investment out there, we're looking at ways to train more of the light battalions on a noninterference basis in order to make maximum use of that terrain.

Mr. WHITEHURST. Super. That's good news. I would recommend to any of my colleagues who have not been out there to go out and spend a day. Get up early in the morning at George Air Force Base and fly over there, get up in one of those crags and watch one of those exercises below. It's dynamite. Then go down and talk to the soldiers who participate. I have never seen so much enthusiasm for a training exercise in my life as I saw that day when I was there.

General MAHAFFEY. I might add to that just briefly, Mr. Whitehurst, some kudos for the Air Force. They are now in the process of instrumenting the close air support which they employ in support of those task forces out there. That will make, of course, for significantly more realistic training on their part.

Mr. WHITEHURST. It will, because all they could do before was just plain old buzz the area and give the simulation, but you didn't get the kind of results that you got with the laser beams with the vehicles on the ground.

In your prepared statement you indicate there is a critical shortfall of both airlift and sealift capability required to meet overseas contingencies. You also indicate this constraint has played a signif-

icant role in the Army's decision to design the so-called light divisions.

So the question is, What is the effect of our warfighting capability and our readiness to deal with these overseas contingencies by using light divisions rather than the more traditionally equipped Army divisions, the heavy divisions?

General MAHAFFEY. I would just add that there is an effect in the area of deterrence as well as warfighting. Perhaps that's where the more important impact is felt. That is, we have designed these divisions in a way that will permit us to deploy them in substantially more rapid periods of time, at substantially less cost in airlift. That carries with it the potential for effective deterrent action, pre-emptive action, if you will, where and when it might be needed.

It does not change the aggregate requirement for airlift and sealift represented by the Army as a whole. There we continue to have what I have described in my statement as critical shortfalls in both sealift and airlift. Although, again I would tell you that both the Navy and the Air Force have made substantial improvements over the past 4 to 5 years, and we are looking to substantially more improvement in the outyears as the Air Force seeks to bring on the C-17 and as the Navy begins to put resources to its objective of filling out the Ready Reserve Fleet. They are now completing the task of bringing on board the eight SL-7 class fast sealift ships.

So there is substantial progress, but at least for the rest of this decade, we will continue to have a shortfall in strategic lift.

Mr. WHITEHURST. I'm glad you mentioned the C-17. There are additional funds in the budget this year and I certainly hope, whatever we do in terms of cutting this budget, we don't tamper with that. It is essential to you and to them.

General MAHAFFEY. Yes. That is important not only to the Army for strategic lift that is intertheater, but also intratheater, where we have an aging C-130 fleet that we are very worried about.

Mr. WHITEHURST. Absolutely. You're right. You can't stretch it much further.

Just one last question. You mentioned the very excellent recruitment and retention the Army is currently experiencing. In view of the continuing improvements in our national economic situation, and considering the shrinking manpower pool from which we recruit, how do you assess the Army's manning problems in the future? I have asked this question of the Navy, of the Air Force, every time I have had a chance to talk to a couple of the Secretaries about it, but you're a field soldier and I would be curious to know from your own experience what you feel we're going to be able to do.

General MAHAFFEY. I would just comment, first, that the Army's action in deciding to constrain our Active Force end strength to the same 781,000 man end strength that has prevailed over the last 3 or 4 years was done consciously and in view of our study of the demographics involved, as well as a projection of the likely resource environment in which the Army would be competing over the next 5 to 10 years. It was a conscious decision reflecting some appreciation of the increasing difficulty in recruiting and retaining personnel over the long haul.

Tnat is a general statement. For a more detailed assessment, I would like to turn to my colleague, General Porter, and ask him if he would like to add to that.

General PORTER. Yes, sir; I appreciate the opportunity to comment on that because now is the time that we need to focus on that.

Mr. WHITEHURST. Absolutely, right now.

General PORTER. Right now. I think all of us here know that our All-Volunteer Force is a very fragile thing, very fragile. It can fall back on us overnight. Those of us that were in the business in 1979, when we lost an entire division in the Army when we had an enormous pay comparability gap, we had an overheated economy, and very low unemployment, we saw ourselves lose a division. That is not a good thing to go through if you're in the business of recruiting, which I happened to be in at that time. The great Congress of the United States pulled us out of that one by the substantial pay increases that have been alluded to this afternoon in 1980 and 1981.

But if you look at pay comparability right now, today, we are right back where we were in 1979. If we don't get the 3-percent pay raise that we would hope for in July, our pay comparability lag will be a bit greater in 1986 than it was in 1979, when we had our most disastrous years.

Now, admittedly, the economy is not as overheated, and it appears that unemployment, which is a major factor, will level off at about 6.9 or 7 percent, a projected forecast---we don't know exactly what it's going to do. So it would not be what I would call as hostile a recruiting situation as we had in 1979, but very close to it. So we could expect a substantial degradation in quality in our recruiting effort and substantial losses in our retention effort.

Now, we all know that in 1979 we were trying to manage a 65,000 man shortfall in our noncommissioned officer corps, which we have since, with your help, made up. So it is a fragile thing we're working with here, this All-Volunteer Force, and it is dependent upon many things that Dr. Korb outlined—the quality of leadership in the Army, and we think we have improved that substantially, housing, medical care, and all of those things. But none of them will offset pay comparability and the economic environment in which we operate.

Mr. DANIEL. Mr. Sweeney.

Mr. SWEENEY. I have no questions, Mr. Chairman, thank you.

Mr. DANIEL. Mr. Hutto.

Mr. HUTTO. Thank you, Mr. Chairman.

General, congratulations on your fourth star.

General MAHAFFEY. Thank you, Mr. Hutto.

Mr. HUTTO. Can we talk about in open session the Special Operations Forces [SOF] lift mission, or is that something we would need to go into closed session on?

General MAHAFFEY. No. I think I could, for example, answer the question that Mr. Sweeney asked Dr. Korb about the regional orientation of our SOF [Special Operation Forces]. There is nothing classified about that. It basically involves an effort to both apportion to the commander-in-chiefs of the various unified commands that are regionally oriented, SOF forces, meaning special forces,

Rangers and the supporting elements, civil affairs, PSYOP's and aviation units that are to a large extent more expertly trained in the language, the culture, and the geopolitics, if you will, of those regions. Those regions are, as you would guess, Europe, Southwest Asia, Central America, and so on.

Mr. HUTTO. OK. What I am referring to, as you know, the chiefs of the Army and Air Force came up with some very good initiatives, but there was one that Chairman Daniel and I and others didn't exactly agree with, and that was Initiative No. 17.

General MAHAFFEY. Yes, sir.

Mr. HUTTO. We're still concerned about that in future years. As you know, the Pave Low helicopter has great capabilities as a terrain-following aircraft, and it is my understanding that since the Army anticipates in future years taking over the SOF lift mission, that you are considering or moving toward the conforming of the CH-47 to carry out that mission. It's a good aircraft, I understand that, but as somebody put it, it's kind of like driving a lumber truck when you try to maneuver it in certain situations, close terrain-following situations. And not only that, but it is going to take a lot of changes in the aircraft, for example, to equip it for refueling.

So I was just wondering, do you have any figures on what that will cost or how far you have gone with that plan?

General MAHAFFEY. I can tell you in general terms where the state of planning is, Mr. Hutto. I can't give you any good hard numbers because we're still working on them.

First I should make one point of clarification. The agreement struck between the two chiefs involved the transfer of the SOF rotary wing responsibility, and as you know, that part of the agreement that envisioned having the Pave Lows transferred lock, stock and barrel from the Air Force to the Army has been discontinued now.

In the meantime, our planning to carry out that long-term transfer of responsibility has continued between the Army and the Air Force, with the general guidance from the two chiefs that there will be, at the very minimum, no degradation in the capability as that transfer takes place. As a matter of fact, as we look both at the size of the SOF rotary wing fleet that we are now envisioning for the Army and the qualitative features of the longer range SOF rotary wing aircaft, we believe that we will provide for substantial enhancement in that capability.

Now, in order to acquire for the Army a long-range, SOF rotary wing capability, we are looking at several candidate systems, one of which is, as you said, the CH-47E or whatever that model might be called, probably involving the incorporation of many of the advanced navigation and all-weather capabilities that are currently featured in the Pave Low.

There have been no decisions made at this point. We are still working the problem. It will be some time before we are able and prepared to present to the two chiefs our proposals in that regard.

Mr. HUTTO. One thing I hope you will particularly look at is the cost of conforming the CH-47 for that mission.

General MAHAFFEY. Yes, sir.

Mr. HUTTO. And also whether or not it can really realistically do the job for that.

Let me ask you one other question here. On page 11, volume I, of this year's force readiness report, it indicates that the Army will continue to scrub its support force needs and increase the productivity of existing and planned support units. It seems to me that we have been whacking the support tail pretty heavily since the mid-1970's. In fact, most of our visits to the field have raised concerns that the current combat service support capabilities were not sufficient to meet wartime requirements.

What new information has come to light to change the Army's assessment of current combat service support requirements?

General MAHAFFEY. Mr. Hutto, there's a "good news" story here which has to do with the ability of the Army to impose in a way that, to my experience, has not been true in the past, a form of self-discipline in the force structure business. When the Chief of Staff made the decision to constrain the Active Army end strength to about 781,000 men, it drove us internally to begin to look at how we had done our force structuring business in the past. And out of that has come a series of initiatives, a large number of which have been centered on the so-called tail, the combat service support element of our structure. It involved such matters as, first, for the first time in my experience, putting our money where our mouth was in terms of capitalizing our combat service support units, putting money in the budget to buy modern transportation systems for our transportion units, putting money in the budget to buy advanced materials handling equipment, putting money in the budget to buy larger POL trucks and so on.

Now, all of this has yielded up prospects for substantial improvements in the productivity of those combat service support units, with an attendant opportunity to decrease the total number of units required.

Another aspect of that has had to do with a scrub, an internal scrub, of the workload factors and allocation rules that in many cases have not been scrubbed for 25 or 30 years. These are the factors which in our modeling ultimately drive our statement of requirements for combat service support units.

Finally, we have programmed in our five-year program a fairly substantial increase in the actual number of combat service support units in the total force.

Now, the net result of all of that has been, in this past year alone, a reduction of 140,000 spaces in our requirements. We were at one time facing an estimated shortfall in combat service support structure of better than 300,000 spaces. We have reduced that shortfall, as a result of the initiatives that I have described to you, by over 140,000 combat service support structure spaces.

Mr. HUTTO. Thank you for your answers and for your very excellent report.

Thank you, Mr. Chairman.

Mr. DANIEL. Mr. Ray.

Mr. RAY. Thank you, Mr. Chairman.

General, it is good to have you here today. We appreciate your testimony.

General MAHAFFEY. Thank you, sir.

Mr. RAY. If we should come up with a rumored no growth in defense, how would that affect the proposed light infantry division? Would it have an effect on it in 1986 and 1987?

General MAHAFFEY. It is hard to say at this time, Mr. Ray. I would guess, as I said earlier, that the cuts that would be taken in consequence of that kind of decision by the Congress would be applied in a balanced fashion across the board. The Army is committed to resourcing, building up, and building the facilities for those divisions just as rapidly as we can afford to do so. So I would not expect us to impose any major impact on those divisions.

Mr. RAY. The General Wickham and Gabriel agreement, among several of those items, pretty well agree that the Army would take over base security and air defense by about 1990 in NATO. It is my understanding that this is going to require the equivalent of a light infantry division, about 10,000 troops.

Do you think we're going to be able to do that considering the manpower cap that we have in Europe?

General MAHAFFEY. Mr. Ray, you have more current information than I do. The state of this effort now, which I reviewed within the last 30 days, is that the Army and the Air Force, jointly, have been identifying and prioritizing those air bases where that kind of security either is now required or would be required in time of war.

We then have looked at the forces available, including host nation support forces, to be applied against that security task. It is only after we have completed that process that we will then jointly agree whether additional forces are needed or not.

Now, it is entirely possible, as a result of that process, that there could be some transfer, probably from Reserve components, from the Air Force to the Army, in order to accommodate that. We have not reached that point of analysis yet.

Mr. RAY. One other question.

We moved the OV-10 spotter planes out of Europe. I am told by those troops over there that that will greatly impact on readiness. Do you have any comments on that, or do you know about that?

General MAHAFFEY. No, sir, I'm not——

Mr. RAY. Well, this may be out of your particular area.

Then you mentioned on page 5 that we're going to have three new Air Defense Battalions. Is that the Patriot?

General MAHAFFEY. No, that's referring to the accelerated modernization of our Reserve components. It involves the Roland Battalion in the New Mexico National Guard and two Chaparral-equipped battalions, probably also in the New Mexico National Guard.

Mr. RAY. Thank you, General.

Mr. DANIEL. Mr. Martin.

Mr. MARTIN. Thank you, Mr. Chairman.

General, again congratulations on your fourth star, sir, and all you do about light divisions.

General MAHAFFEY. Thank you.

Mr. MARTIN. I wanted to ask about your display No. 12. It relates to percent procurement objectives up to 100, and it shows the terrifying circumstance of where we were. But could you just explain to me what this means—for instance, munitions, in terms of sustain-

ability and what we're talking about, the timeframe and days and that type of thing, or isn't this supposed to relate to a timeframe?

General MAHAFFEY. Yes, it does. First, it is displayed here in a form appropriate for an open hearing. It represents a percentage of the requirement calculated in dollar terms rather than in days of supply or days of sustainability. I can, in closed session, provide you with that data.

[The following information was received for the record:]

WAR RESERVE STOCKS

General MAHAFFEY. During the time period 1980–1986, Army achievements against OSD-prescribed procurement objectives (in estimated aggregate days of supply) are: Days of supply by End Funded Delivery Period (FDP). [Deleted.]

Mr. MARTIN. One other thing. In talking about POMCUS and how much better we're doing than we were doing? Of course, General Rogers I am sure will be before us and will be not very subtle in pointing out how things are going.

Is he going to be quite happy with how we're doing? Are we approaching that point that satisfies him and his mission, his requirements?

General MAHAFFEY. If I were in his shoes, I wouldn't say so, no. I would continue to keep the heat on the Army, as well as the allies. General Rogers really has two problems. One is to ensure the availability of the humidity controlled warehouses which contain this equipment when it's in its stored state, and we have tried to indicate in these charts how that effort is also progressing. That is one of the major constraints on the rate at which we are able to fill those POMCUS sites.

The other constraint, of course, is the sheer availability of equipment itself. The Army does not receive any extra or additional procurement appropriations to buy POMCUS. We literally take it out of hide, and in doing that, we are constrained by the Congress to ensure that there is at least 70-percent fill of whatever the item of equipment may be in the active force, and 50 percent fill in the Reserve Force, before we are permitted to take it out of hide and put it into the POMCUS.

Consequently, the rate at which that is occurring I am sure is much less than General Rogers would like, but we believe it is about right given all of those constraints.

Mr. MARTIN. Let me ask you this question, the whole idea of pre-positioning equipment for in our 10 divisions and a certain period of time. The new light infantry divisions that are being created, is that in some part—I know that's not the purpose—but in some part does it relieve the strain on POMCUS because they can pretty much be able to mount out with their own equipment?

General MAHAFFEY. If you postulated the potential need to POMCUS in areas other than Europe, then yes, it would help solve the problem, first because their equipment assemblage is much lighter than a conventional division——

Mr. MARTIN. Would it still require pre-positioning or not?

General MAHAFFEY. It depends on the scenario you're talking about. But in the case of Europe, we still intend to POMCUS for one of the light divisions, one of the six sets.

Mr. MARTIN. One last thing.

That end strength, the 781,000 or whatever, how many years is that projected out? Almost indefinitely?

General MAHAFFEY. Out through the end of our 5-year programming period.

Mr. MARTIN. I thank you very much, General.

Thank you, Mr. Chairman.

Mr. DANIEL. Mr. Kasich.

Mr. RAY. Mr. Chairman, would the gentleman yield? On the POMCUS matter, Mr. Kasich, would you yield?

Mr. KASICH. Certainly.

Mr. RAY. General, in Europe, I noticed in visiting the POMCUS sites that there seemed to be very little security or defense there, particularly air defense. It would appear to me—and I keep asking this question, and most people tell me it is not an area we need to be concerned about. But it would seem to me that we would be denied the use of POMCUS equipment pretty early in any engagement before our troops would even arrive without adequate defense of those sites.

General MAHAFFEY. Of course, the planning assumption on which POMCUS is based is that we will be able to deploy the six additional divisions to fall in on that equipment by D-Day. If you believe that scenario, then presumably our equipment is distributed and in the hands of the troops before it is endangered. But I understand your point.

Mr. RAY. We do have about 100,000 spetznaz in the area.

General MAHAFFEY. Exactly. We have got that very large rear area security threat. This is frankly the first time I have heard that concern expressed, but I will certainly look into it with General Otis.

Mr. RAY. Thank you.

Mr. KASICH. Mr. Chairman, I just have one question for the General.

C–17 CAPABILITY

General, on page 30 of your testimony you lobby for the C–17 because the strategic airlift has a significant shortfall in readiness. The C–17 will require about $4 billion in R&D and about $40 billion in procurement. Supposedly, the state-of-the-art C–17 will provide short field capability and be able to carry wide loads such as main battle tanks. However, is it prudent to risk $100 million per copy on airplanes that are going to be on rough fields, possibly exposed to enemy fire, and does it support the mission profile of the Rapid Deployment Force? The airlift of heavy tanks will not likely be an issue, since armored divisions pre-position their tanks in Europe. Four new light divisions being formed to fit the rapid deployment profile have specified equipment that will fit into the C–130.

If this is the case, our present C–141's could provide adequate intertheater airlift while the C–130 would supply us for intratheater short-field capability. If this is the case, why is the Air Force considering retiring 60 C–141's and transferring the others to the Reserve? These aircraft have gone through the service life extension

program and are essentially zero-time aircraft. They are also thinking about retiring approximately 100 C–130's.

I wonder if you could respond to that.

General MAHAFFEY. Yes. Let me first say that I am not lobbying for the C–17, Congressman. I am lobbying for a capability, one that is badly needed. It just happens that the C–17 is the current Air Force program to provide that capability.

But I would add to that that the Army has been a very close partner with the Air Force in defining the requirements, both for intertheater lift and intratheater lift, for that particular aircraft.

It is true that there are better ways to move tanks, certainly the M–1, than in a C–17. That would be an emergency type of use more or less. But I can envision scenarios in which it might be necessary to lift heavy forces from one flank of NATO to the other and, given the realities of the way the communications nets run over there, and the shortfall in heavy equipment transporters, it might be a method that we would have to resort to.

For that and other reasons, one of the features of the C–17 that we are most pleased with is that it does accommodate most Army outsized equipment. But its real value doesn't lie there. Its real value lies in its ability to deliver a wide array of equipment and resupplies into those forward areas.

You raised the question, does it make sense to put a $100 million aircraft in there. I think you have to look at the performance capabilities of the aircraft, its ability to get into and out of those short length and relatively narrow width, austere airfields for which it was designed. Now, the best answer I can give you to that question is that the Chief of Staff of the Air Force has publicly committed them to conduct just such missions into the forward area of the battlefield. So I take him at his word.

With respect to the light infantry division, although it was certainly not envisioned this way at the time we were developing the specifications, there was no concept for a light infantry division, but it has turned out that there is a tremendously good match between that division and the C–17. It really pays off in three respects. It occurs because of the internal configuration of the C–17 and the fact that the light infantry division has no outsize equipment in its equipment assemblage. That permits us to double row vehicles, double row artillery pieces, double row the other major items of equipment, and more or less optimize the space in the C–17.

Mr. KASICH. Doesn't the C–130 fit that bill?

General MAHAFFEY. Not to double row the equipment.

Mr. KASICH. No; I mean to accommodate what the rapid deployment profile is for the equipment they're going to need. Won't the C–130 accommodate that?

General MAHAFFEY. Yes, but it's not an intertheater lifter. That brings me to my next point. Part of the concept of the light infantry division is that when the mission, enemy, and terrain require, it will be augmented by additional firepower and mobility means from the corps, the next higher echelon. When you do that, the C–17 can still accommodate the attendant outsize equipment. The C–130 cannot.

Now, the operational payoff to that is that, in moving from the continental United States in a rapid deployment mode when you go into Europe, you do not have to transload from a C-141 or C-5 into a C-130. We take the Air Force at their word, and I do. We will deliver those troops and their equipment into the forward edge of the battle area as they are packaged in the continental United States.

So, for all those reasons, we think it is kind of serendipity in the case of the C-17 and the light infantry division. It's a good match.

Mr. KASICH. Thank you, Mr. Chairman.

Mr. DANIEL. General, will you task one of your staff personnel to follow closely these different proposals as they come out of the committees, and to keep our staff fully informed as to just what each one of them would do to your readiness capability?

This is going to be a tough ball game this year. We're going to need all the help we can get. So if you would have someone to take hold of that and keep in touch with Mike West, it would be very helpful to us.

General MAHAFFEY. Yes, sir. I'll be glad to.

Mr. DANIEL. Mr. Sweeney?

Mr. SWEENEY. Nothing further, Mr. Chairman.

Mr. DANIEL. We have some additional questions we are going to present for the record and we would appreciate your responding as rapidly as you can.

General MAHAFFEY. Yes, sir.

Mr. DANIEL. We deeply appreciate your appearance. You have done a remarkably good job. Again, you deserve that star.

General MAHAFFEY. Thank you very much, Mr. Chairman, all of you.

[The following questions were submitted to the witness to be answered for the record:]

Common Sense Readiness System

Question: On page 3 of your statement you indicate that you are developing a "Common Sense Readiness System that will allow the Congress and the American People to assess the current condition of the Armed Forces." As you are well aware, this Subcommittee and Congress in general has been seeking some system since 1980. In fact, in fiscal year 1981, your office campaigned for the removal of a statutory reporting requirement relating funding to C-ratings projections. At the time we were told that such projections were not realistic because the necessary models and methodology did not exist. What has changed since that time to give you confidence that a common sense readiness system is achievable?

Answer: What you say about our ability to project C-ratings was and is still true; nothing has changed. However, your question implies that a common-sense measure of readiness is synonymous with the ability to project C-rating and this is not the case.

Although still in the planning stage, we envision that the common sense readiness system will look something like the warfighting capability report prepared for Senator Tower last year. The system will address force structure, modernization, readiness, and sustainability. It is expected to quantify better the improvements we have achieved in each of these four pillars of military capability as a result of increased DoD funding.

CIVILIAN END STRENGTH CEILINGS

Question: Last year Congress lifted civilian end strength ceilings and prohibited their use by DoD in managing civilian personnel levels. From a readiness point of view, what impact, if any, would the reimposition of ceilings have upon the Department of Defense?

Answer: The Department's civilian work force has the mission of supporting our uniformed personnel. This support is most readily identified in terms of readiness, the ability to respond to mission requirements. Civilians perform thousands of functions essential to near and long-term readiness:

- Nine percent of our civilian work force are involved with research and development and centrally managed communications.
- Thirty-five percent of the Department's civilian work force are involved in logistics functions. This includes spare parts management and the purchasing, storing, and issuing of all the equipment and material that our military forces require.
- Fifty percent of our civilians are employed in base operations, real property maintenance, training activities, medical care, and other associated activities.
- The remaining six percent of the DoD civilian work force are spread across a variety of functions which provide essential support for our military personnel and improve the efficiency of the Department's operations.

The Department has consistently stated that we welcome the lifting of statutory civilian manpower ceiling controls. We view the lifting of ceilings in FY 1985 as an opportunity to prove that the Department can treat the civilian work force as a resource and not as a program, and that we are now allowed to focus on outputs (effective support) rather than on inputs (ceilings controls).

Reimposition of civilian manpower ceilings would restrict the Department's ability to manage effectively and responsively and there would probably be an attendant degradation in readiness.

Pilot Retention Rates

Question: According to the Force Readiness Report and recent newspaper articles, both the Navy and Air Force are experiencing lower pilot retention rates. How will this affect readiness and what is being done to address this problem?

Answer: Both the Navy and the Air Force experienced lower pilot retention rates in FY 84 after record retention rates were recorded in FY 83. The trend has continued during the first quarter of FY 85 and it is anticipated by both services that the retention rate for pilots in FY 85 will be lower than in FY 84.

To date, however, this current trend has not affected readiness in either service. The Air Force does not have a shortage of pilots and, therefore, is manned at 100 percent. At the end of FY 84, the Navy has a shortage of 995 pilots. Fleet sea duty requirements, including all operational squadrons, are being fully manned. The current shortages in the Navy are being absorbed in shore duty requirements such as staffs, professional development, educational programs, and other support activities. And, Naval Flight Officers (NFO's), when assigned shore duty, are assisting in filling the non-flying billet shortfalls.

If the present trend of declining retention rates were to continue, the Air Force forecasts that they would initially experience pilot shortfalls in the stragetic airlift and training communities by FY 87 and in all pilot communities by the end of the decade. Currently, the Air Force is monitoring the retention rates and providing an increased level of career counseling to the vulnerable mid-grade pilots.

Given the current climate of an improved economy, increased airline hiring, the predicted continued decline in pilot retention, and their present pilot shortfall, the Navy has reacted decisively. They have developed a revised and enhanced Aviation Officer Continuation Pay (AOCP) bonus program. This new bonus program includes a provision to offer a lump sum payment option to TACAIR pilots in FY 85. Four other provisions of the program are being submitted to the Congress for legislative approval. These are to 1) increase the six year contract value from $6,000 to $8,000 per year, 2) widen the six year contract eligibility from less than seven years to less than eight years of active duty 3) eliminate ACIP reduction/HDIP restrictions while under contract, and 4) eliminate the six year aviation service requirement for basic eligibility. The Navy feels confident that the implementation of this bonus program will have a positive effect on the declining retention rates, and its continuation is considered essential for the long-term manning stability of Naval aviation.

Inventory Management

Question: Page B-7 of Volume II of this year's Force Readiness Report indicates that the current item oriented approach to inventory management "Does not consider fully the varying contribution that each item makes to end item readiness and does not optimize the readiness payback for a given investment level." What efforts are underway to remedy this shortcoming and focus attention on the readiness payback?

Answer: Much of DoD's secondary item management is oriented toward supply system availability. Increased readiness can be achieved if DoD develops the capability to manage secondary item repair and procurement resources in terms of their effect on the readiness and operational status of weapon systems.

A Supply Management Policy Group (SMPG) has been formed to do the following: to provide a forum for the discussion of mutual problem areas; to act as an interfacing organization between the staffs of OSD, the Services, and DLA; and to provide a vehicle for informal promulgation of new or revised policies. In December 1984, the SMPG issued a draft report that documents a proposed DoD weapon system management concept and identifies the minimal capabilities required in the Services' logistics systems to manage secondary items on a weapon system basis. It also provides each Services's assessment of the actions required to implement the concept. The final verison of the report is scheduled for completion this month (March 1985).

Built in Test Equipment

Question: Page B-9 of Volume II of this year's Force Readiness Report seems to echo Franklin Spinney's concern about the growing dependence upon a limited number of sophisticated test and diagnostic equipment to maintain increasingly complex weapon systems. One method of offsetting this dependency is the increased use of built in test equipment. Over the past several years, the Committee has heard conflicting reports of the utility of built in test equipment. How do you rate their success and to what extent do you feel the greater reliance on built in test equipment will ease the current dependency upon test and diagnostic equipment?

Answer: Built-in-test is an integral part of system design used to reduce the skill levels required for organizational level maintenance personnel and to reduce the requirement for ancillary test equipment. The initial implementations were partially successful. On current systems the BIT performance has been improved based on "lessons learned" from the initial implementations. As a result, it appears that future systems, and to some extent current systems, will potentially be less dependent upon test and diagnostics equipment. However, as the performance technology evolves, the BIT technology must keep pace. Within the DoD, this area is getting high attention both in the technology and weapon system areas.

Recruiting and Advertising

Question: On page 5 of your prepared statement, you discuss improvements in personnel readiness since 1981 and I agree that they have been impressive. Yet we are seeing some competition for quality men and women capable of serving in the Armed Forces. For example, last year Congress increased the Army's recruiting and advertising accounting by $28 million due to concern about the decline in the Delayed Entry Pool and the need to intensify recruiting efforts. Do you feel that these trends pose a major problem requiring significant funding increases or a drop in quality objectives to address?

Answer: We share your concerns about the changing recruiting environment which presents unique challanges to our recruiting force. We are finding it more difficult to compete for the declining numbers of quality young men and women; however, we are continually monitoring these trends and making the necessary management decisions to adjust to this dynamic situation. Collectively, the Department of Defense has approximately 40 percent of our combined accession requirement for the next 12 months in the Delayed Entry Pool. While all Sevices have reported

increased difficulty in meeting new contract goals, the Navy, Marine Corps, and Air Force Delayed Entry Pool are still at or near desired levels. It is the Army Delayed Entry Pool which requires improvement. As you know, the Army traditionally has the most difficult recruiting challenge and the additional $28 million provided to the Army was for the specific purpose of improving its ability to respond to more difficult recruiting conditions. We believe the FY 1986 recruiting environment will be just as difficult as this year. We have fully considered these conditions in formulating our request for additional resources in FY 1986.

It is also important to note that retention has also become more difficult. A key to continued success is that we keep the overall level of military pay reasonably comparable, and provide adequate recruiting resources. We must also make efficient use of the tools (i.e., enlistment and reenlistment bonuses, and targeted educational incentives) we have for alleviating specific recruiting and retention problems. We believe that the 3 percent pay raise we have requested for July 1, 1985, coupled with the rest of our recruiting and retention resources, is a program which will provide the taxpayer with a quality Armed Force, and at a reasonable cost.

Personnel Readiness

Question: On page 5 and 6 of your prepared statement, you indicate that personnel readiness could have been even better than it has been if Congress had not cut active duty manpower requests so drastically during the last two years. Could you elaborate on that statement and provide the subcommittee with specific examples of how Congressional cuts impaired personnel readiness?

Answer: As you know when this Administration came into office, it embarked upon a major program to rebuild and modernize the Armed Forces. We are in the middle of that effort right now. Because this effort includes new weapons sytems, ships and aircraft, additional people are needed. These increases are primarily:

- to expand the Navy to 600 ships;
- to man new weapons systems in the Air Force, such as the B-1B, KC-10 and the ground launched cruise missile; and
- to man new equipment in the Marine Corps.

From FY 1982 thru FY 1985, our requests have been cut a total of 47,790. In the last two years alone, 9,590 active component end strength has been cut from the President's Budget. In spite of this, the hardware that these people were to man continues to come into the inventory. The lack of these people has caused us to stretch our active component personnel more thinly than we like. As more equipment is delivered, the situation will continue to get worse, if our end strength requests continue to be cut. In the recent past, the Services have generally absorbed reductions in authorized strength in the support structure, where the impact on readiness is somewhat more subtle.

In the Navy, strength cuts have been absorbed by restricting shore and fleet support growth. This, in turn, degrades the maintenance, training, medical and logistics support that operating units require to accomplish their missions, and will eventually be reflected in poorer sea/shore rotation and reduced personnel retention.

The Air Force reports similar problems. Underfunding manpower contributes to a deterioration of facilities and equipment. This is due to the lack of periodic maintenance. Higher operating costs

also occur. One major command estimates 30 percent to 50 percent higher operating costs due to the lack of maintenance personnel. Lack of an adequate logistics support base impacts mission accomplishment through the lack of spare parts, longer working hours and ineffective shortcuts which reduce morale, performance, retention and readiness.

In spite of these reductions, we have made remarkable progress in improving readiness. The point is, we would have done even better had we had the manpower. Moreover, we cannot expect to continue adding new weapons systems without a concommittant increase in the numbers of personnel to operate and maintain them without affecting readiness adversely.

The 25,630 increase for FY 1986 is partly driven by the cumulative effect of past cuts. From FY 1983 thru FY 1985, our request did not increase. In FY 1986, we must catch up.

	FY 1982	FY 1983	FY 1984	FY 1985
PB	2,164,700	2,158,800	2,158,800	2,158,800
Auth	2,135,900	2,149,400	2,155,540	2,152,470
Diff	-28,800	-9,400	-3,260	-6,330

Depot Maintenance Backlog - Efficiency

Question: On page 8 you mention the fact that last year, DoD funded over 95 percent of the total depot maintenance requirement. Yet in fiscal year 1982 you reported that there was a zero backlog of depot maintenance. Why should we be satisfied with 95 percent funding instead of a zero depot maintenance backlog, especially since the Navy backlog is expected to grow to $585 million, including $83 million in component rework? Also, when you mention being more efficient in this area in fiscal year 1986, how much of that efficiency is tied to the five percent cut in civilian pay?

Answer: You should not be satisfied with a five percent depot maintenance backlog. Because of affordability considerations, we were unable to fund depot maintenance fully. Our FY 1986 budget is austere and we therefore were unable to do everything we wanted.

I should mention that based on DoD Materiel Readiness Report data, depot maintenance backlogs were not zero in FY 1982. The Navy's backlog was approximately $1.2B, most of which was operational. In other words, the Navy would have had a financial backlog of that amount had those ships/aircraft affected not been unavailable for depot induction due to opertional commitments. On the other hand, the operational backlogs from one year generally become part of the depot maintenance requirement for the next year.

We are being more efficient in depot maintenance; but, none of this efficiency is predicated upon the proposed civilian pay cut. We have several initiatives underway to reduce depot maintenance costs while sustaining a high operating tempo. The Navy has been able to extend intervals between ship overhauls. Navy and Air Force aircraft are no longer automatically scheduled for overhaul. The Navy has established a program of aircraft inspections and the Air Force has reduced depot maintenance requirements. The Army has also established a similar inspection program for combat vehicles and helicopters. Additionally, we are getting better prices on the consumable materiel purchased for depot maintenance.

Depot Maintenance Backlog - Component Rework

Question: Page B-11 of Volume II of this year's Force Readiness Report discusses the critical relationship between the repair and procurement of components. And I quote, "any shortfall in repair funding, therefore, leaves a gap in spares availability that is not rectified by requested procurement funding." How do you square this with the fact that there is an $83 million shortfall in Navy aircraft component rework in the request. How are we going to fill that gap, or why do you consider a backlog of that magnitude acceptable?

Answer: The $83M shortfall in Navy aircraft component rework is not what I would like to see. I would prefer that that program be fully funded, however, we could not afford to fund everything. We had to make some hard choices about what to fund and what not to fund in this budget request.

I must point out, however, that the magnitude of this backlog appears far more significant than it really is. The Component Repair Data displayed in the FY 1986 Materiel Readiness Report represent only 11 percent of the Total Navy Aviation Component Repair Requirement. The balance of the requirement is now fully funded through the stock fund, as a result of the Navy's Stock Funding of Depot Level Reparables' Initiative begun in FY 1985. All customer accounts are fully funded, and as a result, Total Navy Aviation Component Rework Funding for FY 1986 is 94 percent of the total requirement.

Defense Budget Freeze

Question: As you are aware, the Senate Budget Committee approved a proposal to freeze Defense budget authority at fiscal year 1985 levels adjusted for inflation. In addition, there is serious consideration in the House of a freeze of Defense budget authority at fiscal year 1985 levels without any adjustment for inflation. What impact do you think the approval of either of these two approaches would have upon military readiness and capabilities.

Answer: I certainly hope that we will not find ourselves in a situation where the readiness related accounts would be frozen at last year's levels, especially the O&M account. Our readiness would obviously suffer -- primarily in those areas of increased funding which I outlined in my statement for the record. Although I can't be specific at this point as to what actual programs we would need to constrain, flying hours, logistics support, and depot maintenance would be primary candidates.

Freezing the O&M accounts at last year's levels without adjusting for inflation would almost certainly degrade the materiel condition of our very expensive high performance weapon systems in FY 86-87. We are funding 95 percent of our depot maintenacne program in FY 86; to go any lower would mean problems for readiness. If on top of this the Congress requires DoD to absorb $2.24B to restore civilian salaries, the program for readiness would be worse.

Use of UNITREP System

Question: On page 3 of your statement, you indicate that part of the readiness problem that arose last year resulted from the

misuse of the UNITREP system. Can you give us specific examples of how the UNITREP system was misused?

Answer: One clear indication of the misuse of UNITREP is the fact that UNITREP has shown improvements in 14 of the 16 readiness areas that it measures; yet last Spring many people were too anxious to use the one or two isolated cases where UNITREP data showed declines to conclude, erroneously, that overall DoD force readiness and combat capability had declined. Army equipment on-hand is the only area, out of the four readiness areas measured by UNITREP for the Army, with a downtrend. DoD testimony acknowledges that the Army has a readiness problem in this one area; however, these temporary shortages in equipment have been more than offset by improvements in overall capability that consists of: force structure, modernization, readiness and sustainability. The Army's recent analyses show that force modernization has yielded a 36 percent improvement in force effectiveness in FY 86 as compared to FY 80. This improvement due to modernization is not measured, nor was it ever intended to be measured, by UNITREP. Consequently, in this case, looking only at UNITREP gives a misleading assessment.

Another example of misuse was in assessing the Air Force. Last year we observed a decline in the percentage of tactical squadrons that were C-1 or C-2 for equipment-on-hand. On the basis of these observations, many people concluded that Air Force readiness has declined. As we all now know, there was no decline in Air Force readiness. UNITREP declined because the Air Force changed its criteria for reporting on war reserve spares and engines. In fact, during the same period, war reserve spares stockpiles increased so much that there was a more than 60 percent increase in the number of tactical sorties supportable with spares between FY 81 and FY 84.

UNITREP is an internal DoD management system. All of the Services use the system to monitor the status of their units. The major problem with UNITREP is that it is a well publicized but not so well understood system. Because people know about UNITREP's existence, data are obtained and used without a proper understanding of what the data mean or how they should be interpreted.

UNIT STATUS REPORTING SYSTEM

Mr. Daniel. General Mahaffey, on page 20 of your prepared statement, you indicate that the Army is working to improve its Unit Status Reporting System. Specifically, what kind of improvements are being made and how will they alter the current system?

General Mahaffey. The Army is in the process of refining its instructions that implement JCS unit status reporting requirements. Primary objectives are to make the Unit Status Report more reflective of a unit's status, increase the usefulness of the report to the Army, and improve our ability to use automation to analyze reported data.

Some of the specific refinements being considered include:

o Strengthening the bond between Active Component units and affiliated Reserve Component roundout units by linking their Unit Status Reports. Active major combat units will be required to identify their roundout units and reflect the impact of the status of these units on their ability to accomplish assigned missions. In addition, the frequency of peacetime reporting for Reserve Component units will be changed from semi-annually to quarterly.

o Developing a more objective training rating system that will better identify training shortfalls and provide a more uniform sys-

tem for assessing a unit's training status. Changes will better link wartime mission requirements, training management systems, training resourcing, and training status reporting.

o Revising how the Army develops a composite rating for major combat units (divisions, separate brigades, armored calvary regiments). Under the current system a relatively small number of specialized units can have an inordinate impact on the C-ratings of a major combat unit.

o Revising how the Army calculates equipment-on-hand ratings. Small changes in a unit's on-hand quantities of equipment can cause a unit's status to go from C-1 to C-4, without a corresponding reduction in readiness. At the same time units with a wide range of equipment profiles can have the same C-rating.

o Developing a C-rating which represents the status of operational supplies in Army units, e.g., repair parts, NBC equipment, ammunition, etc. Although some data concerning these operational supplies are currently in Unit Status Reports the status of these critical supplies only indirectly affect unit status ratings.

These and other proposed changes to Army Unit Status Reports are being considered. The results of our review will be published this fall as new reporting guidance to Army units. The Army is also participating in the OSD and JCS review of the JCS Unit Status and Identity Reporting System.

EQUIPMENT FIELDING PROCEDURES

Mr. Daniel. On page 20 of your prepared statement, you indicate that the Army is improving its documentation and equipment fielding procedures. I welcome this move and improvements in these areas are surely needed. After four years of experience and many visits to the field, it is difficult to avoid the impression that the funding the Army has requested to support force modernization is about right, but the direct relationship between budget justification and execution is largely coincidental. What kind of specific improvements are you referring to?

General Mahaffey. Actions taken to improve Army documentation include:

- It is the Army's policy not to document unresourced requirements.

- If a converting or activating unit cannot do so at its scheduled effective date, the effective date will be "slipped" until the problems are resolved.

- Specifically designated modernization equipment items are identified as non-reportable, for unit status purposes, for specified periods of time coinciding with fielding dates.

- In lieu of items will be documented until modernization equipment is fielded.

- Long term documentation problems will be corrected via the Living TOE. This will provide unit commanders a document which complements the equipping and readiness processes.

Action taken to improve equipment fielding procedures include:

- The Army Materiel Command is fielding equipment through the Total Package/Unit Materiel Fielding (TP/UMF) approach. (This is a phased program with selected systems included for FY85 and expanding in later years). The TP/UMF process consolidates required materiel with support equipment, publications, etc., and creates a single package, which when received by the gaining unit, is ready to use. This eliminates the pacing item of equipment from arriving on time and support equipment from

"trickling-in" over a prolonged period. The system is provided to the gaining unit as a total package.

- Force Modernization Master Plan distribution plans are being linked with the Total Army Equipment Distribution Program to create a single Army equipment distribution plan for major end items.

DEPOT MAINTENANCE BACKLOGS

Mr. Daniel. On page 25 of your prepared statement, you indicate that, despite increased funding in the fiscal year 1986 request, a Depot Maintenance backlog of $11 million remains. You go on to state that this backlog is within the acceptable range and will not hamper readiness. How do you determine what kind of a backlog will hamper readiness? Is it possible to further reduce funding for the Army Depot Maintenance Program without impairing readiness?

General Mahaffey. Depot maintenance is a prime contributor to Army readiness in that it repairs and returns end items and components to the supply system. The dominant variables driving the program are equipment density and efforts to modernize existing systems. Any decrease in funding can be manageable in the short-term with a corresponding decrease in one or more of the dominant variables which generate its requirements. However, the long-term implications of underfunding without reducing the dominant variables may result in the accumulation of a backlog which adversely impacts readiness.

REAL PROPERTY MAINTENANCE

Mr. Daniel. General Mahaffey, on page 26 of your prepared statement you mention the significant progress the Army has made over the past three years in reducing the Backlog of Maintenance and Repair (BMAR) of Real Property. You go on to say, however, that the pace of BMAR reduction will have to be slowed. What impact will this change have upon Army BMAR reduction over the course of the current five year plan?

General Mahaffey. Army BMAR reduction continues throughout the course of the current five year plan, even though the pace of this reduction has been slowed in FY1986. At present, the Army plans to reach a manageable level by FY1991.

READINESS SHORTFALLS

Mr. Daniel. On page 31 of your prepared statement you list a number of serious readiness deficiencies involving POMCUS and war reserve stocks. Could you provide some specific examples of how these shortfalls are degrading readiness. In addition, could you tell the subcommittee how well these deficiencies are being addressed in the current five year plan.

General Mahaffey. Currently our POMCUS stocks are not sufficient to enable us to deploy 10 divisions in 10 days. The current POMCUS force of (DELETED) . There is currently sufficient storage capacity to store approximately short tons of equipment. Currently short tons are in POMCUS. Approximately short tons are still required to fill

the total POMCUS program requirement of short tons. The projected cost in Fiscal Year 1985 dollars of the POMCUS equipment shortfall is at the end of the Fiscal Year 1985 funded delivery period. This is based on Fiscal Year 1985 data in the Fiscal Year 1986 President's Budget procurement data base and the Fiscal Year 1989 Army Acquisition Objective. The projection does not take into consideration the congressional decision to fill Active Component units to 70% and Reserve Components units to 50% before an item is placed in division sets 5 & 6.

In aggregate estimated days of supply, war reserve current assets vs. theater stockage objectives as of 31 Dec 84 are:

	EUROPE	SWA	KOREA(US
Major Items			
Secondary Items	(DELETED)		
Ammunition			

The impact on sustainability, or combat readiness, results from the need to transport this materiel to the point of combat need while also deploying forces and non-prepositioned equipment.

Sustainability deficiencies are addressed in the current Five Year Defense Plan, and are being reduced by significant allocation of resources.

OTHER PROCUREMENT FUNDING

Mr Daniel. General Mahaffey, page 7 of Volume I of this year's force readiness report indicates that Army other procurement requests have not fared too well during recent congressional budget reviews. What has been the impact of these reductions and what efforts are being made to improve the success rate of this year's request?

General Mahaffey: The complete determination of the definitive impact of Congressional decisions in any appropriation is difficult at best. This is particulary true for OMA and OPA funding. These funds have many direct and indirect impacts on readiness and sustainability levels that are difficult to measure. In addition, the Army's continuing ability to modernize its equipment and force structure is affected.

OMA and OPA funding changes impact upon the entire force. Every change within the Army causes a corresponding change in OMA or OPA requirements. The Army has been experiencing a period of extraordinary change. As a consequence, the projected requirements for OPA funding have, on occasion, increased at much higher rates than the rates reflected by the total Army budget when viewed as a single entity.

A short answer to your question concerning the effects of nearly $1.6 billion in reductions in the past two years is that: unit readiness has suffered; sustainability stockage levels have not been achieved; efforts to fully modernize have been delayed; and force structure requirements have not been met. However, your committee needs a much more definitive answer.

From a readiness perspective, the unspecified reduction in FY 1984 was applied in such a manner as to balance the effect upon the Army. Unfortunately, communications and electronic programs did suffer. For example, production of the OE-254 Antenna was deleted.

Other items which are listed as critical shortages in units that were adversely affected were night vision devices, laser range

finders, air conditioners, engineer equipment and materiel handling equipment.

The FY 1985 reductions again impacted upon all programs causing a reorientation of priorities and the curtailment and deferral of some programs. For example the $50 million reduction in the 5-ton truck program deleted approximately 600 trucks from the FY 1985 buy.

Similar examples are available for trailers, communications and electronics equipment and night vision devices.

The Army will continue to highlight the importance of both OMA and OPA as this year's budget review continues. These appropriations affect every facet of Army life and are absolutely essential to maintain the effectiveness of the current and future force.

MANNING OF ARMY DIVISIONS

Mr. Daniel. Last year the subcommittee staff went to the field to review Army readiness in response to the report of the House Appropriations Committee. Although this review revealed that the most serious problem was the lack of various kinds of secondary or support equipment, shortages of personnel in skilled positions represented a serious problem. Although personnel turbulence has declined, it still remains high and impairs the training and overall capability of the CONUS based divisions that were reviewed.

Later the Subcommittee staff went to Fort Leavenworth to learn about Army force structure changes and the "Army of Excellence" proposal being developed there. One of the most striking aspects of the new "Army of Excellence" was that it was being restructured to be fully manned within the current 781,000 end strength limit. Presumably most of the current personnel related problems would become a thing of the past due to this reorganization and division C-ratings could be expected to improve significantly.

When can we expect this reorganization to be completed and do you feel it will live up to expectations in solving current personnel related deficiencies?

General Mahaffey. AOE design proposals provide a goal for force programing which is being accomplished in phases within the Active Component (AC) and Reserve Component (RC). All divisions are programed to be at Authorized Level of Organization 1 (ALO 1 - 100% of full required strength) by FY 91. Echelons Above Division (EAD) AOE designs are being addressed for completion in the FY 88-92 force structure process for inclusion in the FY 88-92 program. RC units are considered for conversion to AOE designs along with their AC counterparts.

Under AOE, all AC units will not be fully manned. This is because some unit designs relied heavily on emerging technology to reduce MTOE force structure; that technology has not yet fully provided the anticipated savings. Additionally, AOE designs did not reflect BASOPS requirements needed to provide the support necessary to implement the light infantry training concept nor did they allow for some pre-AOE initiatives such as increases in SOF force structure. Thus personnel authorizations in some CS and CSS units will remain below full TOE authorizations.

New AOE designs should improve the personnel readiness of divisional forces. Standard unit designs will enable more accurate accession, training, and distribution of personnel and equipment by reducing variability between commands, and authorizing new equipment or units only when total organizations can be fielded that are manned and equipped to Army standards.

National Guard and Reserve Modernization

Mr. Daniel. General, in your statement you indicate that the National Guard and Army Reserve will have increasingly important roles in supporting the regular Army in any contingency or full mobilization situation. In view of the extensive modernization of the regular Army, is there a parallel program with the same new weapon systems in the Guard and Reserve? Will those forces have the same kind of new weapon systems and training which will allow them to equally fight along side of, or be integrated into, the active Army forces?

General Mahaffey. The Total Army modernization program is applied and managed in the same manner to both components--Active and Reserve. Force Modernization Master Plan (FMMP) equipment distribution plans, Army Modernization Information Memorandum (AMIM) systems cataloging and the organizational integration management concepts used by the Army Staff are applied equally to both components. The equipment modernization program has acquired over 2300 Abrams tanks, 1400 Bradley fighting vehicles and 550 Blackhawk helicopters that have been distributed to both Active and Reserve Component units. Total Army funding of these systems will be completed in the mid-1990's. Under the policy "the first to fight is the first to be equipped," the Reserve Components are getting both new, first line, and top quality second line equipment. In some cases, RC units have modernized tanks ahead of AC units. Nine Army divisions have National Guard roundout brigades or battalions that are equipped with modernized systems and train as an integrated part of the force with which they would deploy and fight. Five National Guard battalions will undergo the rigorous National Training Center program at Ft. Irwin, CA in 1985. In FY 84, over $900 million dollars worth of equipment was issued to the Guard and Reserve and in FY 85 we plan to issue over $1.4 billion worth. Over the next five years, the Reserve Components will receive over $5 billion worth of equipment.

It should be noted that the Army has accelerated equipment modernization of the Reserve Components to enable units to train, and if necessary, fight with equipment comparable with that of the Active component. This is in keeping with Defense and Congressional Guidance to improve the readiness and mobilization potential of the Reserve Components. A recent Army initiative for accelerated Reserve Component modernization includes the complete modernization of the Reserve Component tank fleet with the M1 or M60A3 tank, the upgrade of air defense units with Roland, Chapparal, Improved HAWK, Stinger training equipment and the modernization of attack helicopter units with AH-1S TOW Cobra or AH-64 Apache. This recent Army initiative to accelerate Reserve Component modernization will substantially enhance the readiness of the Total Army.

Training Readiness

QUESTION: Mr. Secretary, in your statement you indicate some very encouraging things about training as measured by flying hours, ship steaming days, and battalion training opportunities. Using current levels in those areas, where would you say we are expressed as a percent of what DoD would ultimately -- and realistically -- like to achieve?

ANSWER: The Department of Defense does not presently have a system that will provide a single percentage answer to the question. We are working toward improved readiness reporting, but the complexity of the subject will almost certainly preclude the development of a simple measure of training readiness. However, it is possible to provide an answer in more general terms.

The requested number of ship steaming days per quarter will allow the deployed fleets to carry out the required amount of training as well as assigned operational missions. The nondeployed fleets will also have sufficient steaming days for training. The Navy, Marine Corps and Air Force will have enough flying hours to maintain a good state of training readiness, although hours for some types of aircraft will fall somewhat below the desirable goals. The Army flying hour program has been below desirable levels because of a serious repair parts shortage. The Army's requested flying hours for FY 1986 will provide substantially more flying time per crew than in FY 1983-85. The requested program will satisfy training requirements for individual crews and allow continued progress toward meeting requirements for combined arms training as the repair parts situation improves. The battalion training days for Army and Marine Corps battalions will provide the needed opportunities for training.

Overall, the outlook for training in FY 1986, with the partial exception of the training of Army aviation units, can be characterized as very satisfactory. This favorable situation, however, is the result of improvements in training facilities, notably better ranges and better use of simulation, as well as increased tempo in flying hours, steaming days and battalion training days. These improvements are increasing the readiness value of time devoted to training. Consequently, the improvement in training readiness is somewhat greater than is indicated solely by the trend in flying hours and other measures of training activity. This improvement is expected to continue as improved facilities and methods of training come into use.

O & M/MODERNIZATION FUNDING BALANCE

Mr. Daniel. General Mahaffey, throughout your statement you stress the ambitious and unprecedented peacetime modernization program which the Army is currently carrying out. I know that new weapon systems and programs are vital and integral parts of our readiness. As you know, there has been a great deal of criticism of DOD for continually underestimating the cost of maintaining new weapon systems and programs. Can you assure the subcommittee that this year's O & M request, as well as future year's estimates, is sufficient to accomodate your modernization program and that readiness can keep up with modernization?

General Mahaffey. Estimating costs for weapon systems is an extremely complex process which the Army has addressed as a separate, distinct part of our programing and budgeting process. The best available cost factors used in estimating weapon system costs

vary according to the phase of a weapon's system life cycle. For example, in the Research and Development phase, the best available cost factors are calculated from engineering and contractual estimates. When a weapon system is fielded and thereby placed in the Army's inventory, the best available cost factors are based upon actual system costs. Weapon system costs are estimated by the subordinate commands, consistent with these cost factors and distribution plans, plus the addition of unique costs such as construction requirements or training requirements peculiar to an individual command. All of this is reviewed at the DA level and finally becomes the budget request. Based on this process, the Army's O & M/Modernization Funding Balance request is sufficient to accomodate the modernization program and for readiness to keep up with modernization.

Depot Maintenance Backlog

Question: Mr. Secretary, in your statement you indicate that DoD spent 25 percent more in real terms in 1984 than you did in 1981 on depot maintenance and spare parts, and that you have seen a commensurate increase in the operability of equipment. That's encouraging and I hope the trend continues. How about the depot maintenance backlog -- can you give an idea of how it has changed and what its dollar value and percentage is compared to 1981 and 1984?

Answer: At the end of FY 1986, we project our backlog of depot maintenance to be $658 million, or 4.5 percent of the total program. This compares to $1032 million (in FY 86 $) or 7.2 percent at the end of FY 1984, and $1290 million (in FY 86 $) or 10.4 percent at the end of FY 1981. We have effectively reduced the real backlog by half over the last five years.

UNNESSARY DISPOSAL OF GI HELMETS

Mr. Daniel. General, according to a story in the Washington Post last week the DOD Inspector General found that the Army scrapped 141 GI helmets worth about $2,300 that were in good shape and demilitarized an unknown number of serviceable helmets at a Defense Property Disposal Agency Office in West Germany. These incidents occurred despite a DOD directed moratorium on this kind of disposal action and despite a shortage of helmets. How can this kind of thing happen, especially when extra precautions are supposedly being taken to prevent such occurrences?

General Mahaffey. Those incidents, which occurred very early in the freeze, were the results of mistakes in the field. Helmets should not have been turned into property disposal. They should have been returned to the wholesale system for redistribution.

As a result of this incident, we have redoubled our efforts to prevent recurrences.

- Commanders have been directed to reemphasize existing procedures and policies and to get personally involved in property disposal and excess management.

- Property disposal facilities are being checked to ensure no one is turning in serviceable materiel.

- An inquiry system to property disposal facilities has been set up in Europe that enables us to find and withdraw helmets that have been improperly turned in.
- Property disposal officers are a final check. They call local commanders if anyone tries to turn-in helmets.
- The Army leadership is very much aware of its responsibility of stewardship for the materiel provided by taxpayers' dollars. We are and will continue to maintain a vigorous effort to revamp our excess and retention procedures. Until revised procedures are published, the Army's freeze on shipments to the PDO will remain in effect.

Readiness Measurement System

Question: Mr. Secretary, on page 3 of your statement you indicate that Secretary Weinberger directed you to develop a "common sense readiness system" that will allow the Congress and the American people to assess the current condition of the armed forces. You further indicate you expect this new system to be operational "in the near future." Can you give us an idea of what that new system will be like and a little more precise estimate of when it will be available?

Answer: Although still in the planning stage, I envision that the common sense readiness system will look something like the war-fighting capability report prepared for Senator Tower last year. The system will address force structure, modernization, readiness, and sustainability, and better reflect the improvements we have achieved in each of these four pillars of military capability as a result of increased DOD funding. I would like to have it completed in time for next year's budget request.

EMERGENCY-ESSENTIAL CIVILIAN EMPLOYEES

Mr. Daniel. General, it is my understanding that there are approximately 2,200 Emergency-Essential civilian employees in the Army worldwide. How dependent are we on those folks and what guarantees do we have that they will stay on the job during a crisis or war conditions?

General Mahaffey. The Army has designated approximately 2,200 civilian positions as Emergency-Essential. Our dependence on these positions is reflected in the two criteria we use to determine whether a position is in fact Emergency-Essential: (1) No qualified and immediate replacements exist for the incumbents of these positions, and (2) not having these positions filled would impair the effective operation of essential military support systems or would adversely affect the combat mission of deployed forces.

We depend on these employees to install, operate, and maintain many of this country's front-line defense weapon systems, communication systems, ADP facilities, and other support systems. In the event of war or other military action, loss of these civilians would severely alter our defense capability, with serious consequences for both United States and allied forces.

There are no absolute guarantees that these civilians will stay on the job; but, as of December 1984, nearly 90 percent of the current Emergency-Essential work force had signed agreements to remain on the job in the event of hostilities or other crisis situations. This is the result of an Army policy, initiated in November 1983, which requires current and prospective incumbents of Emergency-Essential positions to sign the agreement as a condition

of employment. Current employees who decline to sign the agreement are not allowed to remain in an Emergency-Essential position after their current overseas tours expire. Wherever possible, such employees are reassigned to positions that are not Emergency-Essential. Prospective incumbents of vacant Emergency-Essential positions who decline to sign the agreement are not appointed to the position.

In return for their commitment to remain on the job during hostilities, the Army agrees to provide a number of personal and monetary benefits, such as protective equipment, danger pay, and evacuation of their family members. The Army has prepared, and is currently staffing within DOD, a legislative proposal to provide additional monetary and other incentives for Emergency-Essential employees. We believe these measures provide reasonable assurance that Emergency-Essential employees will stay on the job.

Readiness As A Percent Of DOD Budget

Question: Mr. Secretary, in your statement you indicate that the readiness accounts represent a relatively constant 40% of the total DOD budget. I think we all understand that the O&M account has been declining as a percentage of the budget. In fact, it has gone from a little over 32% in 1981 to 26.2% in 1986. Will you explain what your 40% figure means and whether its components are really direct reflections of readiness?

Answer: The figures I cited are much better reflections of readiness than the O&M accounts taken alone. These readiness funding figures include training readiness funding for flying hours, steaming hours, and battalion training days. These training areas are largely funded through the O&M appropriations. I also include personnel readiness funding, which is primarily funded in the military pay appropriations. Finally, these readiness figures include peacetime spares, modifications, alterations, and logistics support equipment, all of which are funded in the various procurement appropriations, and depot maintenance, which is funded through O&M.

Collectively, these accounts have comprised a fairly constant 40% of the DOD budget since 1980.

BMAR & DMAR SLOWDOWNS

Mr. Daniel. General Mahaffey, in your statement you indicate that the Army has made excellent progress in reducing the Backlog of Maintenance and Repair (BMAR) as well as the family housing Deferred Maintenance and Repair (DMAR) since its peak in 1982. You also indicate there is still an unacceptably high backlog but go on further to indicate that despite continued improvements, "the pace of those improvements will have to be slowed to accommodate other Army initiatives." What are those other Army initiatives and why are they more important?

General Mahaffey. Other Army initiatives having higher priority at the present time are some force structure changes associated with the Army of Excellence Initiatives. These include the light infantry activations and conversions, modernization of the Special Operations Forces, Corps augmentation, and other redesign and streamlining initiatives. It is extremely important to proceed with these initiatives as planned in the budget request.

Depot Maintenance Funding

QUESTION: Mr. Secretary, in your statement, you indicate that both last year and this year DoD has funded over 95% of total depot maintenance requirements. I think it is significant that you indicate this year's funding level is slightly reduced from last year's which, as you indicate, means we are buying more readiness with less resources. Does the 5% civilian pay reduction included in this year's budget effect depot maintenance and how would this year compare to last if there was no civilian pay reduction?

ANSWER: Yes, the proposed 5% civilian pay reduction affects the budgeted cost of our depot maintenance. If there is no civilian pay reduction in FY 1986, an additional $200 million to cover higher than budgeted civilian labor costs would be needed to complete the work programmed to be conducted at DoD's organic maintenance facilities. On the other hand, FY 1986 depot maintenance funding levels would still be lower than FY 1985 because of the transfer of funding for Navy aircraft depot level reparables from the depot maintenance program to the Navy Stock Fund, and because of fewer ships and aircraft overhauls in FY 1986 than in FY 1985.

Mr. DANIEL. The subcommittee stands adjourned until 2 o'clock tomorrow afternoon.

[Whereupon, at 4:20 p.m., the subcommittee was adjourned.]

NAVY/MARINE CORPS READINESS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Thursday, March 7, 1985.

The subcommittee met, pursuant to call, at 2:10 p.m., in room 2337, Rayburn House Office Building, Hon. Dan Daniel (chairman of the subcommittee) presiding.

STATEMENT OF HON. DAN DANIEL, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. DANIEL. The subcommittee will be in order.

Today the subcommittee continues its readiness update hearings with testimony from the Navy and Marine Corps.

Our first witness is Vice Adm. James A. Lyons, Jr., Deputy Chief of Naval Operations—Plans, Policy, and Operations.

This is Admiral Lyons' second appearance before the subcommittee, and we're delighted, Admiral, to have you back today.

Before I recognize Mr. Whitehurst, I would like to voice some serious concerns about Navy readiness and the adequacy of Navy O&M funding over the current 5-year plan. These concerns stem from three indicators.

First, the disparity between investment and O&M in Department of the Navy budget projections is very large and expected to increase during the current 5-year plan.

What makes this even more troubling is that this disparity is growing despite the continuing migration of funding responsibilities from the procurement accounts.

This funding migration is not small potatoes, either. Between fiscal years 1981 and 1985, it amounted to almost $4 billion and represented 8 percent of last year's total O&M appropriation.

I find it difficult to reconcile rising workload indicators and increased funding responsibilities with a declining share of the budget.

The Navy's fiscal year 1986 O&M request has the least real growth—1.5 percent—of any of the services. Even when you take into account the adjustment for the 5-percent-civilian-pay cut, it's hard to see how we are going to sustain the current level of readiness, let alone improve it.

Third, the Navy's fiscal year 1986 O&M request assumes a depot maintenance backlog of nearly $600 million. Even if one were inclined to feel comfortable with a backlog of that magnitude, one would have to question a backlog in component repair of over $80 million.

This projected depot maintenance backlog appears inconsistent with Navy readiness requirements, especially since no other service projects a backlog larger than $11 million.

I must say that I have difficulty in reconciling these trends with improved readiness today, not to mention our ability to sustain recent progress into the outyears.

Admiral Lyons, I hope you can address these concerns today and provide us with the readiness perspective we need to take into our difficult budget deliberations in the weeks ahead.

I want to tell you how pleased we are that you are here and also how pleased we are to have General Crist with us.

I believe this is your first opportunity and your first appearance in your new position.

General CRIST. Yes, sir.

Mr. DANIEL. You have some big shoes to fill, but I hope that maybe we can work it kind of like I did when I first ran for Congress. I succeeded one of the most popular Governors Virginia ever had in the Congress, and I was asked if I thought I could fill his shoes, and I told him I didn't but I'd try to grow into them. So I know you will grow into his shoes.

General CRIST. Fair enough.

Mr. DANIEL. We're delighted to have you.

Mr. Whitehurst, I want you to have a few words to say, too, if you will.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, READINESS SUBCOMMITTEE

Mr. WHITEHURST. Thank you, Mr. Chairman.

I echo your sentiments and also your welcome to these gentlemen, who all have had distinguished careers and very strong credentials for the responsibilities that you have here. It's nice to come in to a meeting and see witnesses who have that kind of competence. You all are great servants to our military.

With the lowest real growth rate in operations and maintenance of any of the services and a growing backlog of depot maintenance, I also am very concerned about the Navy and Marine Corps ability to maintain their current level of readiness and to keep it improving.

Admiral Lyons, I showed you, and General Crist, and Commodore Riendeau this print a few moments ago, which is a very popular print; it hangs in a lot of Navy offices on the Hill and I expect elsewhere where there are naval headquarters.

I'd like to discuss that print as a way of emphasizing a point I'm trying to make this afternoon.

The print, of course, is of a fine oil painting by Bernard Gribble depicting a squadron of old four-pipe Navy destroyers arriving off the coast of Ireland shortly after the United States entered the First World War.

The print is entitled "Return of the Mayflower—May 1917." The caption below the picture reads as follows: "After a rough passage, the First U.S. Destroyer Division under Comdr. Joseph K. Taussig reached Queenstown, Ireland, when America joined the Allies in

World War I. When asked by British Vice Adm. Sir Lewis Bayly how long it would be before the division would be ready to deploy on antisubmarine patrol, Taussig replied, 'We are ready now.' "

Admiral, the kind of enthusiasm and willingness to carry out the Navy's mission, as indicated by Commander Taussig's reply, is as true today as it was in 1917. I think we all know and understand that.

Unfortunately, the Navy's readiness and ability to perform its mission in 1985 is a vastly more complex and sophisticated situation than it was back in the days of four-pipe destroyers.

I know I don't need to tell you that today's nuclear submarines, our 80,000-ton aircraft carriers with their mach 2 jet fighters, the new Aegis cruisers, our state-of-the-art amphibious ships with their embarked Marines—all these marvels of modern naval warfare represent an entirely different kind of Navy than Commander Taussig steamed with.

What I do feel that I need to tell you is that many of my colleagues and I are concerned about the readiness of our Navy and Marine Corps.

LEVEL OF READINESS

We recognize that your level of readiness is better today than it has been in many years. We want it to stay that way, and to get even better.

I know the defense budget request we are reviewing is designed to accomplish that desire for increased readiness. However, I also know that we do not have the financial ability to satisfy every aspect of that request.

This subcommittee and the Congress are faced with some difficult decisions regarding the allocation of our financial resources. We need your advice and assistance in making these decisions.

I know you recognize the importance of this challenge, and I hope your testimony will answer our questions regarding the readiness of our Navy/Marine Corps team.

We all want to ensure that when some present or future destroyer skipper is asked a question similar to that sent to Commander Taussig that he, too, will be able to reply, "We're ready now."

Thank you, Mr. Chairman.

Mr. DANIEL. Thank you, Mr. Whitehurst.

Admiral, please proceed as you desire.

STATEMENT OF VICE ADM. JAMES A. LYONS, JR., DEPUTY CHIEF OF NAVAL OPERATIONS (PLANS, POLICY, AND OPERATIONS), DEPARTMENT OF THE NAVY, ACCOMPANIED BY COMMODORE GERALD L. RIENDEAU, DEPUTY DIRECTOR, FISCAL MANAGEMENT DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS, DEPARTMENT OF THE NAVY

Admiral LYONS. Thank you very much, Mr. Chairman.

It's a pleasure to be back before this committee again this year.

I do have a statement, which I would like to submit for the record, and, with your permission, I have some opening remarks I would like to make.

Mr. DANIEL. Without objection, and please proceed as you desire.

Admiral LYONS. Fine.

Of course, we share your concern that we have a Navy that is ready to carry out the national military objectives, and of course, our motto hasn't changed since 1917. We feel we're ready now and to do whatever is directed by the National Command Authority.

In fact we see the next contingency or war situation as one that will be a "come as you are" war, so you had better pack all the gear with you. Of course, that's what our maritime strategy is built on.

As you know, as we briefed the full committee, it's a coalition maritime strategy, and it's based not only in that on what our allies can contribute, but it relies on the contribution of our sister services as well—the U.S. Air Force, U.S. Army, the Reserves, Coast Guard—which all factor into a coherent equation which we believe makes the correlation of forces a plus on our side of the ledger.

Our strategy is designed to support the unified commanders to help them carry out their mission, and one of the underpinnings of that strategy is our forward posture.

What we are trying to do, as our national maritime strategy dictates, is to maintain deterrence; and, if deterrence fails, then to manage the crisis in the most favorable way to meet our objectives.

The strategy and our forward posture have evolved since World War II based on some 43 alliances that we have throughout the world today.

During 1984, our ships visited 346 ports in 110 countries. So I think you can see—if I had a viewgraph to put up, it would look like a measles chart with displayed all the ports and countries we have visited throughout the year.

Of course in the past year, we have had continuing crises. Certainly in our traditional deployments patterns, we have maintained our posture in the Mediterranean and the western Pacific, but in Central America and the Caribbean we are being challenged.

We have had over 8,000 ship days in the Caribbean in 1984; that's a tremendous increase. We still have the unstable situation in the Middle East.

We witnessed in the past year what I consider to have been a state-sponsored act of terrorism with the Gulf of Suez mining, which we were able to respond to in a very effective and efficient manner. First we dispatched the U.S.S. *Shreveport* and then, our mine countermeasure helicopters deployed on a moment's notice, married up with the *Shreveport* in Egypt, and went down and did a very credible job.

I might just talk for 1 minute on state-sponsored acts of terrorism—which is another form of warfare that we have witnessed in the past few years and which we discussed in some detail before this committee last year—in prevention of or in response to which the Navy finds itself on the leading edge. It's one that we must learn to come to grips with. It requires a most sophisticated, international intelligence network.

We would like to be in the position to prevent these types of acts from happening, to avoid from having a lot of innocent people killed for political purposes. It's a problem that we're working very

hard at today. It's a threat that we have to deal with on a day-to-day basis.

We have special rules of engagement for our ships in those areas that are subjected to the threat of state-sponsored terrorism, and I think you are familiar with some of those rules of engagement. It's not the way we like to do business, but that's what we're confronted with.

Mr. DANIEL. It's not the way I like for you to do it either, Admiral. That's way above my pay grade.

Admiral LYONS. Yes, sir. And we feel confident that if we have to respond, we're ready now to respond, and we can do that, we believe, in a very effective way.

We receive daily threats, and we take them seriously, and our ships are prepared.

Certainly in the Middle East as well, we still have the Iraq-Iran war going on, with its attendant continuing attacks on shipping. We have a five-ship Middle East force in the Persian Gulf. Up to this point, we have had no U.S. ships or U.S. flagships attacked, and we would hope to be able to maintain that track record.

Now let me say that our record there is due in large part to our permanent presence on scene. It is due to the permanent presence of our carrier battle group, which is in the Indian Ocean and has been there continuously for the last several years.

In 1979, our OPTEMP for that carrier battle group had it underway 63 percent of the time, and it went 24 days in between port visits. Today, the OPTEMPO for that carrier battle group is above 85 percent, and it's 101 days between port visits.

READINESS AND SUSTAINABILITY

That's a tremendous amount we're asking of our sailors, ships, and aircraft, and they're performing magnificently benefitting from the improved readiness and sustainability that we have been able to realize aboard those ships with the help of this committee. I think that's a manifestation of the improvements that we have been able to make. We are seeing results projected in an operational sense, and contributing to our successful international impact.

We believe that is one of the main deterrents preventing Iran from expanding the scope of their war with Iraq, that and sponsoring any more irrational acts.

I think another manifestation of our improved readiness and sustainability certainly was reflected in the performance of the *New Jersey*. That ship started out on a 2½-month shakedown cruise and then proceeded to spend something on the order of 326 days underway without a major casualty.

I think it speaks well not only for the ship and the crew but the maintenance and the logistics support that we were able to provide to that ship, again, with the help of this committee.

Mr. DANIEL. Would the admiral yield to me at that point?

Admiral LYONS. Yes, sir.

Mr. DANIEL. I happened to be off the coast of Lebanon that morning that you came down the gun line for the first time, and there were a lot of happy people around, both afloat and ashore.

Admiral LYONS. Yes, sir.

From our perspective, the ship performed magnificently there, and, I think as we discussed last year, wherever that ship fired, there wasn't any return firing in response after it delivered its 2,200-pound Volkswagen sized shells.

I'd like to just touch a little bit on the western Pacific, because to me it's witnessed one of the more dramatic changes in the threat equation a change which has been brought about by the establishment of a Soviet base of operations at Cam Ranh Bay.

They have a full scope of operations going there, including strike bombers, a squadron of Flogger air defense aircraft, submarines, surface ships, and it has really changed the threat equation in that part of the world, which again points up the importance of our bases at Subic Bay and Clark Air Base in the Philippines.

The base at Cam Ranh Bay has doubled the area scope, doubled the area and radius of Soviet operations, not only in the western Pacific but throughout the Indian Ocean, as it sits astride the key sea lines of communications that go through the Philippine Sea and the South China Seas. Its presence has great impact on the implications for the security of Japan.

So when you look at that base in a global sense, its presence is a very dramatic change. It happens to be the largest grouping of Soviet forces outside the Soviet Union, except for those that have invaded Afghanistan, and let us not forget that there is a significant number of Soviet forces in Dahalak Island in the Red Sea.

Dahalak Island belongs to Ethiopia, but no Ethiopian is allowed on that, their own island. I find that rather interesting.

Our OPTEMPO in all of these operations has greatly increased. We budget, as this committee knows, for 50.5 days per quarter for our deployed forces, but because of the various contingency requirements and the various crises, we are operating across the board for our deployed forces somewhere between 58 and 60 days.

This lays larger requirements on our operating forces, and personnel, but, again, on the other hand, it's to them and a great tribute to this committee that you have provided the wherewithal to permit us to do that.

When I was commander of Task Force 73 in the western Pacific in 1980, and Commander, Naval Surface Group, Western Pacific, we couldn't have done that; we didn't have the wherewithal.

At that time, we were bringing—literally bringing with us—a lot of our own repair parts direct from CONUS—a situation that did not give you a warm feeling, and it was the same way with our threat-oriented ordinance.

The situation today has changed dramatically in that sense, and I'll go into that a little bit more detail.

Let me say that our readiness today has never been higher. In every measure of readiness, all of the indicators are up. That certainly doesn't mean we don't have any further to go, but all the slopes are positive, they're in the right direction; it says our programs are moving in the way they should, so that as we expand and move toward the 600-ship Navy, we are doing so in a balanced programmatic way. As we move up each rung of that ladder, we're ready to use the equipment, ships, and aircraft that you've provided in a thoroughy effective manner so that we can say, "We're ready now."

I think one of the keys to all of this certainly is the quality of our personnel. Our ship manning is up on the order of 15 percent. We do not have a ship deployed that is not appropriately manned and combat ready.

Our aircraft squadron manning is up on the order of 58 percent. Every deployed aircraft squadron is basically combat ready, and that is a tremendous improvement—on the order of over 30 percent compared to where we stood in 1980.

Again, these are the type of results that are in a comparison between where we were and where we are today, and as we continue at the current pace with the programs what we now have in place we will have achieved our full objectives by 1989.

RETENTION

Concerning our personnel, again, with the help of Congress, we're retaining twice as many people as ever before. This is the fifth straight year we have met our recruiting goals.

Our 23,000 petty officer shortage that we had in 1980 has been cut by two-thirds. That fact doesn't mean we still don't need the end strengths that we have asked for this year, 15,000 for our active force and 10,000 for our reserve force, because if we don't get those, we do get into the personnel/skill level imbalances with which I know you are well familiar.

AMMUNITION FUNDING

Regarding our ammo funding and in particular, our threat-oriented ordnance, which is the force multiplier and which illustrates graphically the imbalance in number between our adversary versus what we have, we have more than doubled that funding between 1980 and 1985, and it's going to be doubled again by 1989.

Our air-to-air missile inventory, our at-sea inventory, will be doubled again by the end of fiscal year 1986. It's a very dramatic change from when I took over Task Force 73 in 1980 to what it is today. If I sound a little elated, I am; but let me add, we still have to continue our programs to meet our full inventory objectives.

Regarding our aviation safety record, due to the increase in retention of our personnel, we have just completed the safest year we have ever had in naval aviation, and this translates into not only hundreds of millions of dollars savings but in lives and aircraft saved.

We were able to save at least 21 pilot lives and the casualties that you normally see among our deck handling personnel have been significantly reduced.

Modernization is another pillar of our military strength. Since 1979, we have retired over 50 ships, but we have also increased our inventory from 479 to 523 ships, all much more modern, capable ships. Essentially we have the 600-ship Navy in hand; it's under contract, and we'll achieve that goal by 1989.

STRATEGIC LIFT

Again, strategic lift has been trebled over the last 4 years, and, with the improvements we're making, we believe we'll have the re-

quired military lift to sustain a global conflict, and I want to emphasize "military," because that doesn't address the other civilian economic requirements which we had during the start of World War II which we no longer enjoy today.

Let me add here, the U.S. Navy fully supports the modernization of the U.S. Merchant Marine. That's another key element of the deterrence equation.

I just would like to conclude by mentioning that we had over 54 exercises during the last year, and this is part of the deterrence equation.

Our interoperability with our sister services and allies is among the elements which raise the deterrent equation during peacetime.

I know you are well familiar with the fact that when we do our exercises, we always have Soviets observing. I used to be asked, when I had Second Fleet—Striking Fleet-Atlantic—well, didn't that bother me? I said, "No, not at all; I welcome their participation," for two reasons. First of all, the services they provide are free; we don't have to pay for them. So it gives us extra free play scenario elements to our exercises to help the effectiveness measure of our tactics and operations.

The message that we want to get across to the Soviets is that it just might be too hard. In other words, when we perform with a high degree of proficiency, when a Badger or a Backfire bomber pilot is intercepted five times before he ever gets to a weapons launch position, that's got to tell him something. We want him to know that he's never going to reach his objective in a real war situation.

This is not a Falklands-type situation. We don't have the deficiencies within our force structure, thanks to the contributions of this committee and the rest of Congress, that resulted in the United Kingdom Navy from the emasculation of their surface fleet in the last 10 to 15 years.

We have a very excellent defense-in-depth, not only from an air defense standpoint, but certainly considering our antisubmarine capabilities.

As an ex-numbered fleet commander, I never felt that with the capabilities that were provided me, we couldn't achieve our objectives.

Of course, what it really boils down to, is our personnel; that's the difference.

I'm not amazed, but I'm always intrigued by the ingenuity of the American sailor. He's the one that puts it all together; he's the one that makes it all work; and that's our national treasure.

Thank you very much.

PREPARED STATEMENT OF VICE ADM. JAMES A. LYONS, JR.

Mr. Chairman and members of the Subcommittee, I welcome this opportunity to appear before you to discuss the readiness improvements the Navy has made with the help of this committee over the past four years.

I feel it is important to underscore, at the outset, that any examination of the Navy's readiness posture must begin with Naval contributions to our national strategy of deterrence, global forward defense, and forward deployment.

For the U.S. Navy, this means that we must be on-station, visibly present to both friend and foe and, equally important, demonstrably ready to do whatever might be necessary to ensure the democratic way of life is maintained throughout the free

world. The ability to maintain this ready condition across the 3,000 miles of Atlantic Ocean and 5,000 miles of Pacific waters is facilitated in peace time by shore support available in the Mediterranean and Western Pacific. In the Indian Ocean, 8,000 to 10,000 miles from U.S. shores, these shore facilities are not readily available thus fleet units operating in these waters must carry with them most of what they consume even though very limited support may be available from Diego Garcia.

In time of war the fleets must be as self-contained and self-sustaining as possible to maintain military pressure in forward areas and contain Soviet sea forces in their home waters. In other words, the U.S. Navy must be combat ready and possess staying power. As the President put it, "maritime superiority is for us a necessity." That is, we need naval strength sufficient to enable us to get where we need to be when we have to be there.

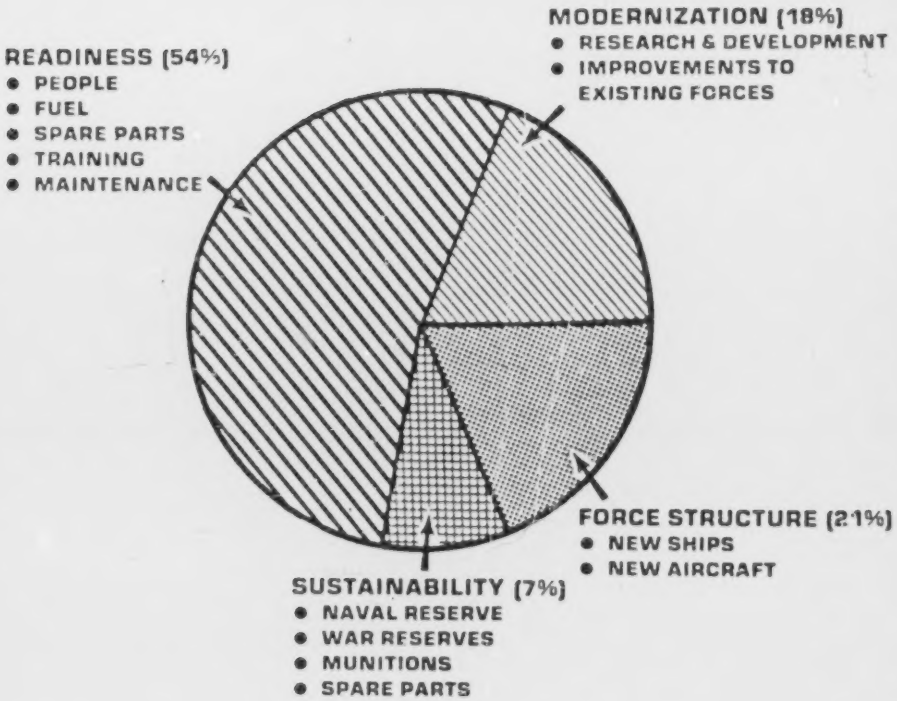
The Navy provides our nation *the* most flexible military deterrent and warfighting force. This flexibility enables the Navy to operate throughout the world and respond across the entire spectrum of possible crises and conflicts, i.e., from peacetime overseas presence missions to conventional and nuclear war. To be able to conduct all these tasks and rapidly reconfigure from one posture to another, the Navy requires the right number of trained personnel, on line, in the right number and mix of ships and aircraft, the ability to operate as a ready to fight unit and the necessary ordnance and equipment, and requisite supplies to maintain the entire unit in top working order.

Naval forces must not only be powerful and mobile, but fully capable of working smoothly with Allies and other U.S. Military Services. National strategy emphasizes joint operations and coalition warfare. The requirement to integrate Allies and other Services into Navy operations places yet another demand on fleet readiness and sustainability.

In sum, to contribute to deterring the Soviet Union; to defeat the Soviet Navy at sea should deterrence fail; to maintain forward deployed forces; to respond to national tasking throughout the conflict spectrum; and to accomplish all of these in the closest possible coordination with Allies and other military services, the Navy must be ready to fight and win a war at sea today as well as tomorrow. Such a high degree of preparedness requires, first, great emphasis on the combat readiness of personnel and equipment; and, second, on development of the capability to conduct sustained combat operations at sea far from U.S. shores. In the course of satisfying these readiness requirements, the Navy continuously reexamines its policies, procedures and doctrines to ensure it is making the most effective use of available resources.

The Navy has labored diligently and has been efficient in making the best possible use of funds appropriated by the Congress for readiness purposes. To meet readiness requirements we have devoted approximately 54% of our Total Obligational Authority in the FY-85 budget to Readiness accounts (figure 1). Continuous emphasis in this area since 1981 has significantly improved the readiness levels enjoyed by Navy forces today (figure 2). You can clearly see the payoff for the dollars invested.

FY-85 NAVY
TOTAL OBLIGATIONAL AUTHORITY
(TOA)



IMPROVED READINESS
SHIPS & AIRCRAFT SQUARDRONS

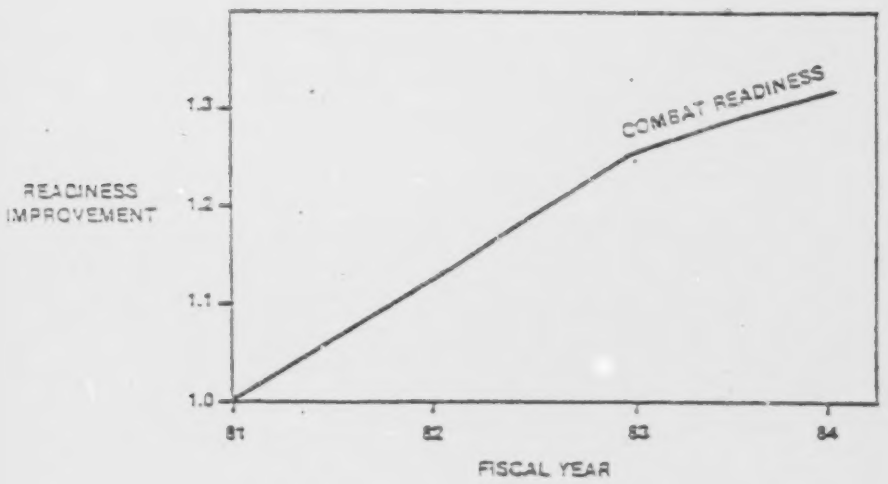


FIG 2

There remain a few persistent problem areas which I will address shortly, but overall the Navy has, during the last four fiscal years, significantly upgraded both its deterrent and warfighting capabilities. This achievement is evidenced by the fact that in the last four years both the Navy force structure and the total number of units reporting combat ready have increased. From 1981 though 1984 force structure increased by 50 ships and 19 aircraft squadrons. During the same period, the percentage of surface ships reporting fully or substantially combat ready increased by 31 percentage points; submarines increased by 25 percent; and the number of squadrons reporting fully or substantially combat ready improved by 45 percentage points.

As we begin the second half of the eight year transition from 480 ships to the 600 ship Navy, we must note the several important areas of manpower and personnel support for the expanding Navy which have not kept pace with force structure growth. The FY 1986 budget request addresses these shortfalls and allocates resources to enable Navy to meet its personnel commitments at the end of the decade. People are as integral to new weapons as is the hardware. The decision to provide the manpower was implicit in the hardware procurement decisions. Failure to provide the personnel portion of these new systems at this juncture jeopardizes system operation and effectiveness, introduces costly personnel system inefficiencies and adversely affects combat readiness. Recent experience has shown that clear ties exist between manning and material readiness in both ships and airplanes. For instance, while squadron manning levels have increased by 20 percent in recent years, mission capable rate has risen by nearly 15 percent and the fully mission capable rate has increased by nearly 40 percent. Similarly, a 20 percent decline in the number of destroyer serious material casualty reports (C3/C4 CASREPS) has coincided with improvements in the manning in ratings that maintain the equipment.

As your Committee noted last year, the contributions that quality personnel make to overall readiness can hardly be overstated. In 1981 readiness degradation attributable to personnel shortfalls was Navy's most serious problem. Central to the problem was a decline in the experience level of mid-grade petty officers since the mid-70's time frame. For example, Navy had about 23,000 fewer petty officers with over 10 years of service in 1981 than we had in 1974. Coupling this lack of experience with acute shortages in electronic, propulsion and nuclear trained ratings presented an intolerable situation. Navy took some immediate actions such as sea tour extensions, shore tour reductions and beefing up deploying ships with personnel assets from ships in between deployments to improve manning in the short term. Although these actions were successful, we knew that a long term solution hinged on our ability to increase experience levels through marked retention improvements. With Congress' help, we have increased the personnel experience and manning levels of ships and squadrons, which in turn have produced concomitant readiness improvements.

I now would like to focus your attention on readiness improvements in the several Navy warfare communities. I am pleased to report to you that SSBN force readiness, the Navy's contribution to the strategic triad, is being maintained at an extremely high level. Virtually all SSBNs and SSNs not in overhaul are combat ready.

Turning to general purpose forces, the readiness picture is equally promising. Overall combat readiness of these forces has steadily improved while at the same time force structure has increased significantly. The downward readiness trend of the 1970s has been reversed and the number of ships reporting combat ready has increased steadily. These improvements are largely due to the increased fiscal support provided by the Congress. Since 1981 the average number of serious equipment casualty reports per ship per day has been reduced by nearly a third. For our principal general purpose combatant force of cruisers and destroyers, the reports have been reduced by 50 percent. Congressional support has also permitted the Navy to procure sufficient numbers of repair items and stock them so as to increase time free of serious casualty reports by 58 percent.

Focusing now on naval aviation, I can advise you that air squadron combat readiness has improved in early category since the beginning of FY-81. Since 1981, the aircraft full mission capable rate, that is, the ability to each aircraft to perform all assigned missions, has risen by 40 percent. The mission capable rate, or the ability to perform some but not all missions, has risen nearly 15 percent. This reflects increased funding for component and engine rework, more spare parts, as well as better manning in the aviation maintenance ratings. These aircraft are flown by better trained and more professional aircrews; the naval aviation safety record in 1984—the lowest mishap rate in naval aviation history—reflects this readiness, trained and experienced flight crews. Recently, however, retention rates have

dropped, and we will need to take steps to arrest any further decline that may affect readiness in the future.

Supply readiness for ships has also significantly improved since 1981. Shortages of repair parts and threat ordnance, while not totally alleviated, are reaching manageable levels and are continuing to improve.

These munition shortages still exist as a result of inadequate funding in the late 70s. The need for supplies of newer, more sophisticated weapons is most critical, consequently threat ordnance (e.g., torpedoes, cruise missiles, surface-to-air missiles and air-to-air missiles) has received increased budgetary emphasis since FY-81. Due to a 2-3 year lag between funding and delivery, weapons bought with FY 82 and 83 funds are beginning to arrive in magazines. The result today is more weapons in the bins. Stocks are 5% to 60% larger today than in 1981 and some stocks will double by 1987 when weapons bought with FY-84 dollars are delivered. It will take until the end of the decade to reach most goals and will require continued congressional support for Navy munitions programs.

Still another important element in the Navy's Readiness program is the smooth and expeditious integration of Reserve forces into the active Navy during an international crisis or armed conflict. Upon mobilization, Navy Reserve air squadrons contribute two carrier air wings, two maritime patrol wings, one tactical helicopter wing, and one tactical support wing to active forces. Similarly, Navy Reserve surface forces are becoming increasingly combat capable as modern KNOX and PERRY class frigates are transferred to the Reserves. With these newer ships, increasingly critical roles will be assigned to Reserve surface units augmenting the active fleets.

In summary, the significantly improved overall combat readiness of Navy submarine, ship and air squadrons, over the past four years, directly reflects the Congressional investment in national defense. It is particularly noteworthy that while equipment casualties still cause temporary reductions in readiness on a daily basis, the strength of our forward deployed forces remains high and continues to improve.

Mr. Chairman, the improvements in Navy readiness I have discussed today reflect the results of initiatives undertaken over the past four years to correct recognized defradations to our warfighting capability. Continued emphasis on these programs is considered essential if we are to maintain maritime superiority in a world so dependent on maritime trade. Among the areas requiring closest attention and emphasis are retention of supervisory personnel in critical skill ratings, qualified nu clear operators, and aircrews for naval aviation units. Current personnel recruiting and retention trends are positive, and correction of critical skill rating, supervisory and aircrew shortfalls should be possible in the near term. To maintain this momentum, and overcome these deficiencies, compensation and other incentives must be attractive in an improving economy.

Similarly, shortfalls in threat ordnance and spare parts must be filled as soon as possible. We must place continuing emphasis on spare parts funding to maintain necessary improvement in equipment material readiness rates as early as procurement lead times permits.

Mr. Chairman, I am grateful for this opportunity to review with you the Navy's current readiness posture. The ability of our Navy to carry out its many assigned missions is higher today than anytime since World War II. The morale in the sea service is high; and we approach the future with enthusiasm. I am confident that your investment in Navy readiness has and will continue to pay large dividends.

Mr. DANIEL. Admiral, I'm particularly pleased with what you had to say about the middle-level management. I think that concerned me as much as any other aspect of our defense establishment—when you got so low in your middle-management group.

You say you've about 75 percent corrected that now—I believe you said. That's a dramatic improvement. I want to congratulate you.

RETENTION OF PILOTS

Admiral LYONS. I would like to add, though, we are seeing some negative indicators. Let's face it, we're in competition in the marketplace for the high quality technicians, for our pilots.

We know the aviation industry is on a rehiring upswing. Last year, they hired over 5,000 pilots; 40 percent of them were provided

by the U.S. military. We know they're going after 6,000 new pilots this year.

Well, you know, we ask an awful lot of our people when we put them out there in the middle of the Indian Ocean and it's over 100 days before they even smell a port; plus the separation from the family.

My wife always tells me the toughest job in the U.S. Navy is that of the Navy wife, and she's right.

Mr. DANIEL. The same thing is true as far as Congress is concerned.

Admiral LYONS. Yes, sir.

Mr. DANIEL. I couldn't agree with you more.

Admiral LYONS. Secretary Lehman and we would ask for your support for those programs that would let us retain those highly trained and proficient pilots, who make up one of the key elements in our readiness factors. If we lose one, it costs us almost $1 million to retrain a replacement, and you don't do that overnight.

Mr. DANIEL. This Member recognizes that, and you will have his support.

Admiral, let me ask you about this information coming out of the Senate now—the other body, about freezing the military budget. Another report is, they may not even allow for inflation.

If either one of those circumstances come into effect, what's that going to do to you? What's it going to do to your momentum that you have now?

Admiral LYONS. Well, if that happened, you'd totally undercut it.

You've made a sustained effort to support us. Through the help of Congress, we've turned the corner.

I'd almost go into closed session to show you how far we've come since 1980 as background. Addressing not only purely readiness and sustainability issues when you freeze the budget and pay, you're taking away some of the key elements that allow us to compete.

I was over in Russia last summer as head of the U.S. Delegation for Incidents at Sea negotiations. When I'd look at their society, it was sobering, I must say, that their society doesn't understand all the sacrifices that they are forced to make and the fact they must devote most of their gross national product to maintain that military machine.

You know, today, we have two shipyards that can build nuclear submarines and one that can build ballistic missile submarines. I need both hands to account for the Soviets capabilities in this area.

We have a capability to build 3 to 4 submarines a year; they can build 20. They're building something on the order of 8 to 10 a year, and they've sustained that rate over a 15-year period.

In other words, while I understand the impact of the budget deficit and the need to work toward a balanced budget, I think we've got to look at what the other side of the equation is: What is the threat we are trying to address? What has he done? What has he changed? How has he changed his mannerisms?

If a particular government can perform the brutal act of shooting down an unarmed civilian airline, such as KAL 007, it doesn't have any scruples; it's going to take advantages wherever it can.

Of course, the greatest social service we can give our people is freedom, and it just doesn't come cheap today.

Mr. DANIEL. While we're on the subject—and I don't want to monopolize the time, because I want to give the general an opportunity to speak to the committee; of course, he knows he's going to get what he asks for anyhow—what about this proposal for a 5-percent pay cut for your civilian employees? What impact will that have?

Admiral LYONS. Are you asking me, Mr. Chairman?

Mr. DANIEL. Yes.

EFFECT OF PAY CUT

Admiral LYONS. Again, it would be my personal assessment—it's hard for me to make a judgment on that at this point, but I can tell you what a 5-percent cut on the uniformed military side of the equation would do. Concerning those great safety records, the low aircraft accident rates would go way up.

As for the hundreds of millions of dollars we're able to save today because we're able to retain the type of people we need, well, we'd lose them and the savings also, we'd just go right back down in the hole, where we just came from.

Perhaps Commodore Riendeau would like to talk to the civilian impact of the 5 percent.

Commodore RIENDEAU. I have a number of civilians working for me, Mr. Chairman, as you know.

Mr. DANIEL. Yes.

Commodore RIENDEAU. Many of them are at the senior levels. It's disincentivizing for them; I think it's demoralizing to them.

They work hard. I think that, sustained over any period of time, it would have a very definite negative effect on the good people we need coming into the civil service, particularly in my area, with the job that we have to do.

Mr. DANIEL. Let's go to the other part of that. There's also a proposal to cut your end strength by 5 percent—civilian end strength. What would that do to you?

Commodore RIENDEAU. Well, sir, there is no end strength control any longer. What we have done is to measure our civilian workforce against the workload that we have funded, and we feel that we have struck a balance there.

Mr. DANIEL. Let's substitute the civilian employees rather than the end strength. What would that do to you, if your civilian workforce is cut by 5 percent?

Commodore RIENDEAU. Yes, sir.

Reducing our civilian work force 5 percent would have a significant impact on us. Over half of our civilians, as you may know, are employed directly in fleet readiness activities. That's in the naval aircraft rework facilities and the naval shipyards.

We depend on them very heavily in those areas. We would get a slowdown in production in both of those activities and a commensurate reduction in readiness; no question about it.

Mr. DANIEL. General, tell us what you need.

STATEMENT OF LT. GEN. GEORGE B. CRIST, DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS, HEADQUARTERS, U.S. MARINE CORPS

General CRIST. All right, sir; I'll be glad to.

It's certainly a privilege to come before you for the first time, as you said, Mr. Chairman, and talk about Marine Corps readiness.

I know the shoes that my predecessor had are big, and sometimes they get a little pinchy on me, as a matter of fact.

I have given a prepared statement to the committee. I would ask that it be placed in the record.

Mr. DANIEL. Without objection.

General CRIST. I'd like to give a little overview, and I provide a small packet of charts to assist the members in following through.

First I'd like to quote our Commandant, Gen. P.X. Kelley, who says:

> Our combat readiness has never been better. The Corps is well trained and equipped for the most demanding of assignments, from low intensity conflict to high intensity, large scale, global commitments.

I must say that the ability to attain this high level of readiness is due, in great measure, to the unswerving support of this committee and the Congress.

The funding profile which you see on the first chart of my little handout, I think, so clearly portrays that support, and we thank you very much for it, Mr. Chairman.

I also want to point out that the dollars that you see there have but one purpose, and that's to improve military capability.

Military capability cannot be measured by one indicator alone. It's the sum of interdependent indicators which, when you aggregate them, portray either improvement, or weakness, when compared to those missions and those functions that we have to perform.

So to provide a meaningful depiction of the progress we've made to date, I'd like to categorize the indicators into the four pillars of military capability which are shown on chart 2; they are readiness, sustainability, modernization, and force structure.

Readiness, as you well know, for the Marine Corps, is perhaps the foremost pillar of our military capability. As the first to fight, no matter what else, we must be ready now.

There are many elements which contribute to the term "readiness" and I'd like to focus on the ones that are shown on chart 3. The are personnel, training, aviation, logistics, Reserves, and prepositioning.

READINESS

Looking at personnel readiness first, shown on chart No. 4, the individual marine is still the most important element in the readiness equation, bar none.

As I show in chart No. 4, the authorized end strength of the Marine Corps rose a little over 2,000 in the last fiscal year.

Our Selected Marine Corps Reserve end strength, however, showed a decline, and we believe this was only a temporary respite, and the figures this fiscal year will show a continuation of the

steady increase that we have been really seeing in the Selective Reserves since about 1980.

During fiscal year 1984, 95.5 percent of our active enlistments were high school graduates, and I compare that with 91.7 in fiscal year 1983.

Over 96 percent scored in the upper three categories of the Armed Forces qualification test. All our reenlistment objectives have either been met or exceeded.

As you can see critically short enlisted skills were reduced from 141 to 75 during the last fiscal year.

I would focus 1 minute on the Individual Ready Reserve, which we don't so often look at when we measure readiness. The Individual Ready Reserve provides the critical source of individual fill and replacements needed to support both the active and Reserve units in time of war.

The decline in that population, which fell almost 15 percent between the years 1980 and 1983, has now finally been reversed.

Turning to chart No. 5, training and readiness are synonymous if the Marine Corps is going to be prepared to fight "in every clime and place." Training readiness of the operating forces has never been higher.

If you look at chart 5, you can see the battalion field training days increased 373 days between 1982 and 1984. The total number of field training exercises declined slightly in 1983, but we expect it to go back up again in 1986.

The scope and complexity of the JCS exercises has increased, and the exercise objectives have been expanded.

I think the success of the Joint Task Force operation in Grenada, in which the Marine Corps, I modestly say, played a major role, can be directly related to the investment in JCS exercises.

The budgeted fiscal year 1986 funding of $136 million represents the minimum funds needed to support the desired level of exercise participation.

Moving to our aviation readiness in chart No. 6—Marine aviation readiness is improving as a result of continued gains in personnel, equipment, and training.

I think the bullets that you see on the chart tell the story. Our attrition is down, readiness is up, and we're flying more with fewer accidents.

Logistic readiness is on chart 7. The primary indicators that we try to look at in logistic readiness are materiel, maintenance, and facilities.

As you can see, materiel readiness in the Fleet Marine Force is the highest on record—90.7 percent. This readiness increase has been achieved and maintained by the introduction of new equipment and the significantly increased equipment maintenance funding levels that you see on chart 7.

Also, the steady growth in military construction, which has provided an unprecedented increase in the quality of life for our Marines. They live better, they work better, and are happier and more ready as a result. We could not have done it without the funding.

Now, while military construction has increased, the funding for the maintenance of our real property within the O&M appropriation, has not kept pace. As a result, the Marine Corps just hasn't

achieved the desired reduction in the maintenance and repair backlog that we had hoped.

I'd like to look at chart No. 8, reserve readiness, because, complementing the improved readiness of the Active Force, has been a commensurate increase in reserve force capabilities.

It's gratifying to report that our Reserve component is as ready today as any time in history. I think chart No. 8 graphically portrays the progress that we made last year with our Reserves. As the ex-Deputy Chief of Staff, Reserve Affairs, I think that's very nice.

PRE-POSITIONING

Pre-positioning is another important element of our readiness, and the pre-positioning programs that I show on chart 9 add a new dimension to our strategic mobility.

The maritime pre-position ships, where we allow the introduction of a Marine Air-Ground Task Force of over 16,500 marines and sailors into a crisis area within 10 days.

Each MPS squadron will carry selected equipment and supplies to support a Marine amphibious brigade for 30 days.

Now, in 1981, the Marine Corps embarked on a program to preposition mission essential equipment and supplies in Norway. Once in place in Norway, these pre-positioned stocks will allow a MAB to close within a matter of days using the fly-in-echelon.

This vital mobility enhancement program supports, first, I think, as General Rogers addressed the rapid reinforcement of NATO and particularly that vital northern flank. At the same time, it sends a strong signal of American resolve to our NATO allies.

Mr. DANIEL. Are you having any problem with your pre-positioning in Norway?

General CRIST. No, sir. Our pre-positioning is right on track. We're sitting at about 46 percent of the total requirement with the fiscal year 1986 request.

We have just had approved the NATO infrastructure funding to provide the in-rock facilities for the ammunition and above-ground facilities for the storage of our equipment. We're delivering according to the pace of the availability of the facilities in Norway.

Mr. DANIEL. Thank you, sir.

General CRIST. Now, in the area of medical pre-positioning, a rapidly deployable medical facility has been obtained and is pre-positioned afloat at Diego Garcia.

Turning to modernization, I think you would agree with me and I certainly support Admiral Lyons in this—that modernization requires us to achieve and maintain a technological edge over our adversaries.

As you can see on charts 11, 12, and 13, our modernization efforts have been across the board. They encompass upgrading our ammunition, infantry weapons, and equipment; improving our missiles; increasing communication, command, and control capabilities; enhancing tactical mobility; and improving our engineer equipment.

In 5 years, thanks to a procurement budget which has risen from $506 million in fiscal year 1981 to $1.8 billion in fiscal year 1985, we have been able to reverse over 10 years of neglect.

If the current momentum is sustained, as we have it funded in the budget and in the programs, fiscal year 1988 will witness the fruition of this long overdue effort.

Turning to the Reserves, as I said, the Reserves are an integral partner, and, as shown on chart 14, their modernization continues right along in pace with our Active Forces.

Any discussion of modernization would be incomplete and its without recognizing the other member of the team, the Navy contribution to the Marine Corps.

SHIPBUILDING PROGRAMS

Chart No. 15 outlines the shipbuilding programs and the medical programs. The shipbuilding program designed to meet the objective of simultaneously lifting the assault echelons of the Marine amphibious force and a Marine brigade.

The amphibious program at the top of the chart is well under way. The aviations logistics support ship is a seaborne maintenance platform which will allow us to get our landing force aviation in early without depending on the large base buildup.

At the current time, as you well know, we have no hospital ships. To correct this deficiency, the Navy has embarked on a program to buy two hospital ships dedicated to afloat medical support for our forces.

The 11,750-bed, 20-fleet hospital program is going to give us an ashore treatment facility that we need to do two things—one, to reduce the demand on our theater evacuation; and, secondly, to get Marines back into combat sooner.

The last pillar is force structure. We have been following a conservative and deliberate pattern of growth in Marine Corps force structure and in the manning of that structure in order to accommodate our planned modernization programs that I discussed earlier.

Although structure growth, equipment procurement, and systems acquisition continue as previously scheduled the growth in manning for the Marine Corps has been slowed as a result of fiscal constraints. The impacts on the structure manning are shown at the top of chart No. 16.

On the ground side, the infantry battalions are being reorganized with 10 percent fewer personnel and 25 percent more fire power.

Additional fire power is being added to the artillery battalions, and our anti-armor capability is being increased 20 percent.

Marine aviation is more capable now than at any time in recent history. As you see on chart No. 17, this is due to the new and vastly more capable aircraft and weapons systems that are joining our inventory.

I'd like to come back to the reserves--because I think that's an important part of our total equation—and say that our total force planning encompasses reserve modernization as well as the expansion of force capability for them right along with the active component.

As you see on chart No. 18, fire power, mobility, and anti-armor enhancements are well under way in our reserve. Aircraft are being upgraded and new units added. A program has been initiated which will expand the reserve combat service support capability.

SUSTAINABILITY

In summary, Mr. Chairman, I think it's apparent that the Marine Corps is on the move. Readiness indicators are up across the board, with few exceptions. Sustainability is reaching a new high. Our unprecedented modernization programs will pass the mid-point. There are some weak areas still, but we know what they are, and we're working to strengthen them. Without your help, this upbeat picture just wouldn't have been possible.

However, dollars alone do not combat capability make. In the final analysis, it's the Marine, trained, equipped, and sustained, who is the ultimate indicator of combat readiness. We surely do not seek to test this final indicator in the cauldron of combat, but should the call come, I assure you, sir, the Marines will not be found wanting. We're always faithful, and we'll be always ready.

Thank you, sir. I'm ready for any questions.

PREPARED STATEMENT OF LT. GEN. GEORGE B. CRIST

FY 1986 OVERVIEW OF MARINE CORPS READINESS

INTRODUCTION

Mr. Chairman and members of the Committee, I am Lieutenant General George B. Crist, Deputy Chief of Staff for Installations and Logistics, Headquarters, U.S. Marine Corps. It is a privilege to appear before you today to present an update on the readiness of the Marine Corps.

To quote our Commandant, General P.X. Kelley, "...our combat readiness has never been better. The Corps is well trained, equipped for the most demanding of assignments -- from low intensity conflict ... to high intensity, large scale, global commitments."

The ability to attain this high level of readiness is due, in great measure, to the unswerving support of our efforts by the members of the Committee and the Congress which the chart below so clearly displays.

U.S. MARINE CORPS FUNDING PROFILE
FISCAL YEARS 1981 - 1986
($ MILLIONS)

	FY-81	FY-82	FY-83	FY-84	FY-85	FY-86
MPMC	2,667	3,112	3,348	3,516	4,967	5,217
RPMC	119	151	170	172	272	290
O&MMC	1,090	1,181	1,479	1,560	1,650	1,667
O&MMCR	29	40	50	52	59	62
PMC	506	1,710	1,960	1,741	1,837	1,727
MCSF	4	13	12	21	35	43
TOTAL	4,415	6,206	7,019	7,062	8,821	9,006

These precious resources, which you have entrusted to us, have made it possible to now see tangible evidence of significant improvement in the military capability of our combat units. This

momentum, if continued to fruition, will ensure the Marine Corps remains the Nation's premier force-in-readiness.

The dollars, and the budgets in which they are contained, have but one purpose: to improve military capability. The Marine Corps must be capable of performing the missions assigned and the functions for which it is designed. Military capability cannot be measured by one indicator alone, such as readiness. It is the sum of several interdependent indicators which, when aggregated, portray, in the sum, improvement or weakness when contrasted with the missions and functions to be performed.

To provide a meaningful depiction of the overall progress we have made to date, I will categorize these conjoined elements in terms of the four pillars of military capability: readiness, sustainability, modernization, and force structure. This also provides continuity with the approach followed last year during the Readiness Hearings.

I am sure that when you see the progress that has been made in all four areas of military capability, you will share our Commandant's assessment that, while some concerns remain, Marine Corps readiness has never been better.

READINESS

Readiness, for the Marine Corps, is the foremost pillar of military capability. As the "First to fight," no matter what else, we must be ready now. There are many elements which contribute to readiness. In this discussion, I will focus on personnel, training, aviation, logistics, reserves and prepositioning.

Personnel

The individual Marine is still the most important element in the readiness equation. The giant strides which we have made in modernizing the force would have been of minimum value if not complemented by increases in personnel readiness.

We have always prided ourselves on providing a rigorous training regimen with which to challenge our Marines. Today, in large measure because of your support, we are well on the way towards providing more realistic training, significantly improved maintenance facilities, and quality of life improvements which include modern housing, dining, training, and maintenance facilities. These facilities, coupled with the provisioning of modern equipment, have had a very positive impact on our Marines, which in turn affects overall combat readiness.

Quality and Retention

All other readiness areas have improved because of the quality and dedication of the men and women who have elected to enlist and reenlist in the Marine Corps. During fiscal year 1984, 95.5 percent of our active enlistments were high school graduates, as compared to 91.7 percent during fiscal year 1983.

Given the technical complexity of the equipment and weapons procured to modernize the force, there is an increasing need for personnel with the potential to operate this sophisticated weaponry. To support this requirement, over 95 percent of all non-prior service regular male recruits were high school graduates, and over 96 percent scored in the upper three categories of the Armed Forces Qualification Test. Last year we met all recruiting goals while continuing to raise standards.

Given the dynamic nature of our Corps and training time for many technical skills, we need to monitor and modify our specific skill needs. The Selective Reenlistment Bonus (SRB) program has been an essential control tool in helping us retain that right Marine. With careful use of this program, critically short enlisted MOS skills were reduced from 141 to 75 during this last fiscal year.

In recognition of current fiscal constraints, we have limited our active duty end-strength request to that initially requested for fiscal year 1985. A summary of our modest growth is shown below:

Personnel End-Strength
Fiscal Years 1981 - 1986
(THOUSANDS)

	FY-81	FY-82	FY-83	FY-84	FY-85	FY-86
End-strength						
Active	190.6	192.4	194.1	196.2	198.3	199.5
Selected Marine Corps Reserve (SMCR) End-strength	37.0	40.5	42.7	40.6	41.8	43.0

Increased Overseas Accompanied Tours

One means of improving readiness is to reduce personnel turbulence by increasing accompanied tours overseas. We have been actively pursuing this course of action. The number of accompanied tours on Okinawa is planned to increased to 1,897 during fiscal year 1986, up from 1,495 in fiscal year 1985. Most of these billets are for officers and senior staff noncommissoned officers. These personnel now serve in their positions for three years rather than the previous one-year tours, providing needed undisrupted leadership for command and key personnel billets. Unit productivity and readiness have been improved as a result of the increased personnel continuity. The number of accompanied billets will continue to increase as necessary support, such as housing and family facilities, can be completed.

Unit Deployment Program (UDP)

Implementation of the Unit Deployment Program (UDP) has substantially improved readiness. The UDP was developed as a 6 phase evolution to convert individual, 12 month permanent change of station based manning of Marine Corps infantry battalions and tactical aircraft squadrons and detachments in WESTPAC to a 6 month deployment of entire units. The program was fully implemented by January 1983, reducing by 8,300 the number of unaccompanied overseas billets.

The primary purpose of the unit deployment program was to sustain maximum uniform readiness of tactical units throughout the Marine Corps and to reduce personnel turbulence associated with 12-month unaccompanied tours in WESTPAC; however, since implemen-

tation of the program, we have realized several significant additional benefits.

- Marines are now stabilized in the same tactical units for up to three years, leading to enhanced continuity of training and increased "leader to led" associations.

- Operational procedures have become more standardized throughout the Marine Corps as different units are routinely called to work together, increasing interoperability throughout the Corps.

- Family stability has been improved with reduced turbulence. Under UDP, families remain at the homebase during deployments, continuing to receive essential support from the parent tactical unit, school, church, social group, family service center, and facilities in the absence of the Marine sponsor.

In response to the tremendous success of this program, the scope of UDP is being expanded. A plan to include several combat support units is currently under development with planned phased integration of tanks, assault amphibian vehicle (AAV), and direct support (DS) artillery units into the program, beginning with tank and AAV units.

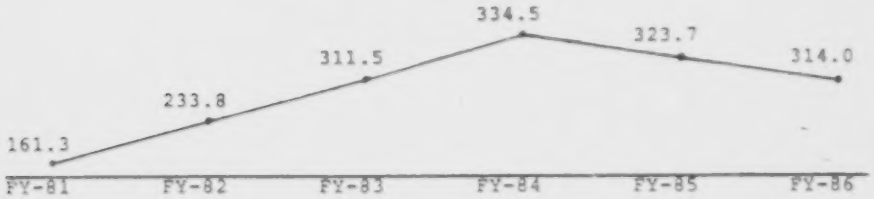
Individual Ready Reserve (IRR). The Individual Ready Reserve provides the critical source of individual fill and replacements needed to support both Active and Reserve Units. The decline in that population, which fell by almost 15 percent between fiscal years 1980 and 1983, was finally reversed. At the end of 1984, there were over 48,000 Marines in the IRR. By 1990, when the full impact of the military service obligation extension from 6 to 8 years is felt, this number is expected to eventually level at 85,000.

Training

Training is a major ingredient of Marine Corps readiness. Accordingly, Marine Corps training stresses the "building block" approach, progressing from basic individual to small unit training

and culminating in major exercises which integrate air, ground, and combat service support elements. The training readiness of the operating forces is higher today than ever before.

FMF SUPPORT FUNDING PROFILE
($ MILLIONS)
(O&MMC)



The growth in funding for the operating forces has permitted increases in the following direct readiness-related areas: development of individual training standards; mission-oriented training; Battalion Field Training Days (BFTDs); exercise participation; and use of training simulators. Since the interrelated contributions of the individual elements have a synergistic effect upon overall training readiness of the Marine Corps, it is necessary to examine each in more detail.

Individual

Formal

As equipment and duties become more complex, a greater number of Marines need to be school trained in their assigned skill areas. Today, 95 percent of our new Marines attend formal schools following recruit training. Through careful planning and effort we have been able to keep pace with the growing need for training. This increased training allows us to both provide the greatest challenge and reap the greatest benefit from the highly motivated, intelligent young people entering the Marine Corps today.

An indicator, is the commitment for formal training and education of individual Marines which has more than doubled since fiscal year 1981 as shown below:

TRAINING AND EDUCATION PROGRAM PACKAGE
Funding Profile ($ MILLIONS)

FY-81	FY-82	FY-83	FY-84	FY-85	FY-86
29.8	41.0	44.9	52.8	63.1	62.9

Training Standards. In fiscal year 1985, the Marine Corps accelerated development of individual training standards. The establishment of these additional standards will increase capability for evaluation of training, standardize acceptable levels of performance, eliminate unnecessary training, enable efficient allocation of training resources, ensure that all tasks for satisfactory performance are identified, avoid duplication of effort by units and training institutions, and validate occupational field structure. These standards will form the basis for future design, development, implementation, and evaluation of all individual training to ensure the readiness of the individual Marine.

Mission-Oriented

Realistic, mission-oriented training, both individual and collective, continues to be a key element in the daily readiness of the Marine Corps. Such training with emphasis on amphibious operations, permits Marines to train as a total force, integrating both active and reserve participation in air-ground training. This year's funding level permits Marines to continue to experience training under varied terrain and climatic conditions.

The most realistic training is conducted at the Marine Corps Air Ground Combat Center (MCAGCC), Twentynine Palms, California. In recent years, eight regular and two reserve infantry battalions have been task organized into Marine Air Ground Task Forces (MAGTFs) with appropriate combat support, combat service support, and aviation combat support elements to conduct combined arms exercises (CAXs). In 1984, the decision was made to expand the scope of these exercises to more realistically reflect the manner in which Marines will be deployed to combat. Accordingly, in

fiscal year 1985, selected exercises at Twentynine Palms will be increased to include Marine Amphibious Brigade-level participation.

Since fiscal year 1982, with your support, the Marine Corps has invested $18.0 million in military construction funds to develop and improve its Mountain Warfare Training Center at Bridgeport, California. The Mountain Warfare Training Center offers unique conditions in which to learn fighting and survival skills in a mountainous and cold weather environment. As a result of the expansion and development of permanent facilities, the Mountain Warfare Training Center now annually trains over 12,000 Marines, including 10 battalion-size units, of which one or more is from the Marine Corps Reserve.

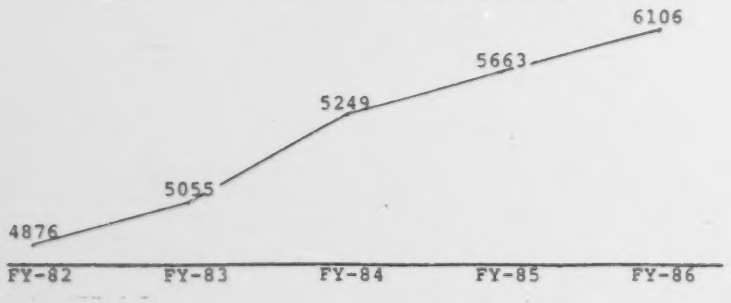
Battalion Field Training Days

The training readiness of the operating forces is higher today than ever before. The number of Battalion Field Training Days (BFTDs) represents actual field training time by Marine Corps units, excluding training received either in garrison or on amphibious shipping. This field training time provides units with the opportunity to hone their combat skills by improving individual and collective technical and tactical proficiency.

This measurement does not fully reflect the dynamic nature of the Marine Corps training system; however, it does provide a general index of the level of effort expended toward achieving and maintaining a ready state among our units.

Since fiscal year 1982, this measurement has reflected a steady increase in Marine Corps training opportunities; increasing from 4876 in fiscal year 1982 to 6106 in fiscal year 1986.

Battalion Field Training Days

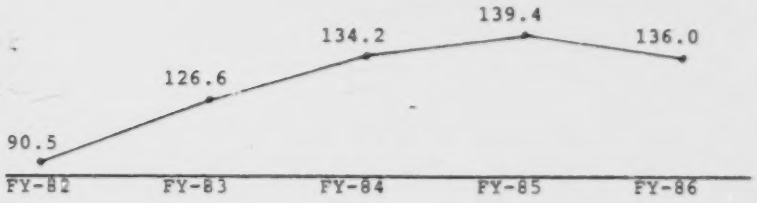


The increase of 443 BFTDs for 1986 over 1985 is primarily associated with the training to be received by the additional artillery battalion to be activated in fiscal year 1986 with the M198 Towed 155mm Howitzer and the third battalion of Light Armored Vehicles (LAV). In addition, funding in 1986 will provide for a 27 percent increase in training days for the Marine Corps' three Assault Amphibious Vehicle (AAV) Battalions and a 20 percent increase for the three Combat Engineer Battalions.

Exercises

Integrated exercises are the culmination of Marine Corps training. The profile below depicts the growth in FMF support from which exercises are funded.

FMF ADMINISTRATION, OPERATIONS AND TRAINING
($ MILLIONS)



Exercises provide the Marine Corps with the opportunity to train under a variety of threat scenarios, environmental conditions, and locales in order to simulate combat conditions. Commanders are thereby able to evaluate their contingency plans, staff coordination, and command and control mechanisms, so necessary for future success on the battlefield.

In fiscal year 1986, the total number of exercises is consistent with the fiscal year 1985 level. Budgeted fiscal year 1986 funding of $136.0 million for administration, operations, and training represents the minimum funds required to support desired participation in exercises compared to fiscal year 1985.

The scope and complexity of JCS exercises has increased and exercise objectives have been expanded to include joint/combined

tactics, techniques, and procedures. Strategic capabilities, including the ability to perform difficult and complex operations over extended periods have been improved. The success of the joint task force operation in Grenada, in which the Marine Corps played a major role, can be directly related to the investment in these types of exercises.

Summary. The following is a summary of training readiness statistics.

Training Readiness
Fiscal Years 1982-1986

ITEM	FY-82	FY-83	FY-84	FY-85	FY-86
Battalion Field Training Days	4,876	5,055	5,249	5,663	6,106
Field Training Exercises (Active and Reserve):					
Marine Amphibious Unit (MAU)	27	17	20	28	22
Marine Amphibious Brigade (MAB)	15	11	17	24	19
Marine Amphibious Force (MAF)	8	4	14	10	13
Regimental and below	117	161	122	93	106
TOTAL	167	193	173	155	160
Funding for JCS Exercises ($M)	7.5	11.1	12.7	12.9	11.9

Simulators

Training readiness is enhanced by the use of state-of-the-art training simulators. These simulators accord Marines the opportunity to train effectively within training ammunition allowances which are limited, and thus save on the high cost of such sophisticated ammunition as the TOW and DRAGON missiles. These special training devices add realism to training and permit Marines to experience those situations which closely resemble the conditions under which they will fight.

These simulators and special training devices, include such training enhancements as the Training Set Fire Observation (TSFO)

for forward observers; the Launch Environment Simulator-Dragon for DRAGON missile system operators; and the Multiple Integrated Laser Engagement System (MILES) for tactical maneuver live fire simulation.

The biggest single improvement in tactical training has been the fielding of MILES. Through its use, units can conduct two-sided, free-play combat engagements with accurate weapons effects simulation and real-time casualty assessment. This enhancement provides commanders with immediate feedback as to the combat effectiveness of their units.

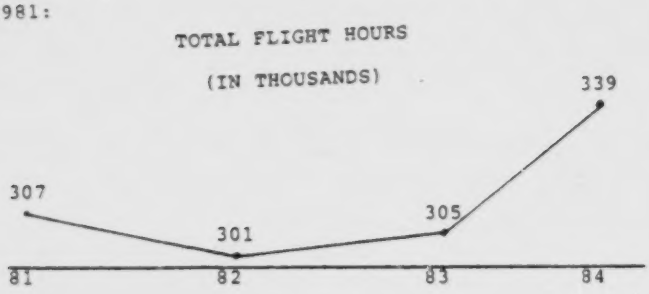
The development and use of training devices such as the Tactical Warfare Simulation, Evaluation, and Analysis System (TWSEAS) and manual war games used by lower-level staffs have meant that most combat staff planning, coordination, and execution are able to be simulated, thus decreasing the requirement for additional costly field operations. The result has been increased training values derived from subsequent actual exercise participation.

Aviation

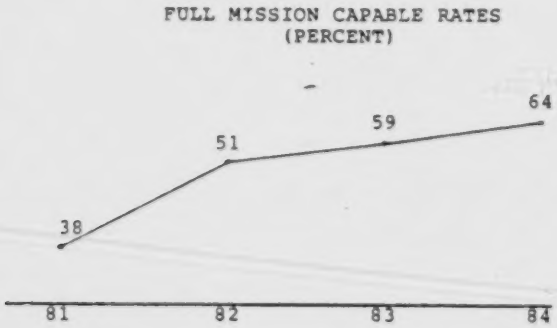
As a result of continued improvements in the key areas of personnel, equipment and training, Marine Corps aviation readiness has improved as well. In addition to replacing many of our aircraft with more capable and reliable planes, we are in fact flying more hours with a better safety record, thus enhancing our training combat readiness and preserving those expensive weapons systems. Enlisted personnel with their expert technical skills are remaining aboard at unprecedented levels; and Marine aviator attrition, which was over 14 percent a few years ago, now stands at only 6¼ percent.

While growth occurs in the readiness indicators, mishap rates have decreased and flight hour levels have increased. This past year represented was our safest year ever with a mishap rate of 4.65 per 100,000 flying hours. With 339,000 hours, Marine tactical air squadrons amassed the highest flight hour output

since Vietnam. The following chart depicts the flight hours flown since 1981:



Training readiness has improved, as evidenced by the 19 percent increase in combat readiness since 1980. Aircraft readiness achieved an overall mission capable rate in excess of 76 percent with a full mission capable rate of greater than 64 percent. This represents an improvement of 13 percent mission capable and 28 percent full mission capable over the past few years. The following chart depicts the Full Mission Capable rate since 1981:



Much of aviation training, as with other elements of the MAGTF, is derived from real-world contingency operations around the globe, where we have been responsive and immediately on the scene, with full systems aircraft and trained crews ready for action. Aviation support in Grenada and Lebanon are but a few examples of contingency actions. Aviation readiness is in evidence with the forward deployed Marine Amphibious Units operating in the Mediterranean Sea, Atlantic Ocean, Caribbean, Western Pacific and Indian Ocean. Increased aircraft availability also enhances our training in CONUS. Our unique Air-Ground team

conducts extensive combined arms training exercises at our Marine Air-Ground Combat Center (MCAGCC) Twentynine Palms, California, and at our other bases and stations. Marine aviation units receive very demanding realistic training from the Marine Aviation Weapons and Tactics Squadron located at MCAS Yuma, Arizona. Marine aviators also participate in joint-service training programs such as the Air Force's Red Flag exercise.

In an effort to improve the overall combat capabilities of the Navy-Marine Corps team, the superb aviation interoperability initiative which began last year will accelerate. Fiscal year 1986 will witness the first two of four Marine A-6E squadrons assigned to deployed carrier air wings. Two Marine F/A-18 squadrons will already be aboard. U.S. Navy A-7 squadrons will concurrently deploy to WESTPAC in support of Marine ground forces on a rotating basis. This highly successful mutual support initiative, which began last year, has been an overwhelming success. It promises to vastly improve the flexibility and effectiveness of your Naval forces.

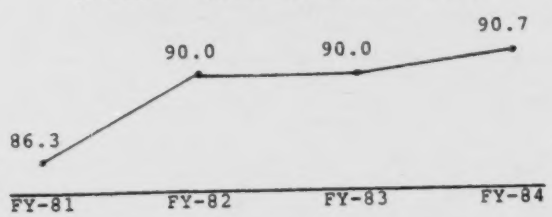
Logistics

Materiel

Materiel readiness consists of two principal components: the inventory of equipment and supplies on hand relative to wartime requirements, and the condition in which they are maintained.

We track materiel readiness by focusing on the condition of 265 principal end items critical to war fighting capability. The chart below depicts materiel readiness from the end of fiscal year 1981 to the end of fiscal year 1984.

MATERIEL READINESS RATINGS
(PERCENT EQUIPMENT COMBAT-READY)

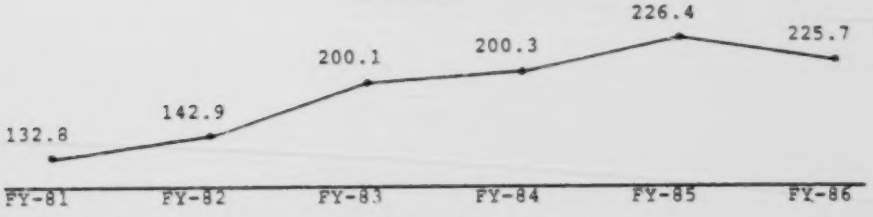


This increase in overall materiel readiness was accomplished by a combination of two major actions in the past few years: introduction of new equipment to the operating forces, and increased funds for the maintenance of equipment.

Equipment Maintenance

The chart below reflects the increased funding for equipment maintenance, including funds provided for depot maintenance.

EQUIPMENT MAINTENANCE FUNDING
($ MILLIONS)



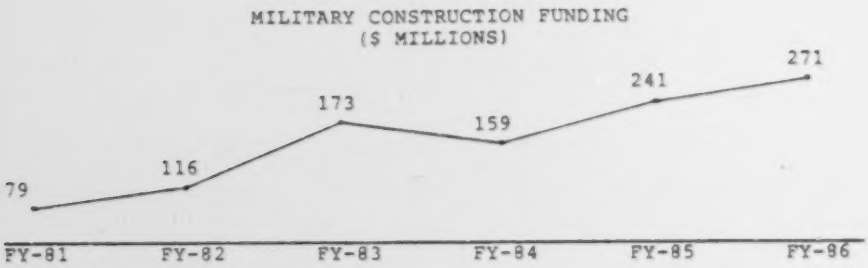
Of the $314.0 million budgeted for direct use by the operating forces this year, almost one-third, $98.2 million, is for the maintenance and repair of authorized equipment. This major use of funds by the FMF supports the high operating tempo of the forces.

As indicated above, increased materiel readiness has been achieved and maintained by significantly increased funding levels. In the future, additional funds will be necessary to sustain this high degree of equipment readiness because of anticipated maintenance costs associated with an increased amount of new equipment being provided the operating forces.

Facilities. The physical condition of Marine Corps facilities in which Marines live, eat, and work directly impacts upon the readiness of the operating forces. "Quality of life" is more than a snappy phrase. Marines recognize that the Marine Corps is concerned about their living and working conditions by the number of new and modernized facilities being provided in CONUS and overseas.

Construction

The chart below depicts the increase in funds appropriated for military construction for new facilities since fiscal year 1981.



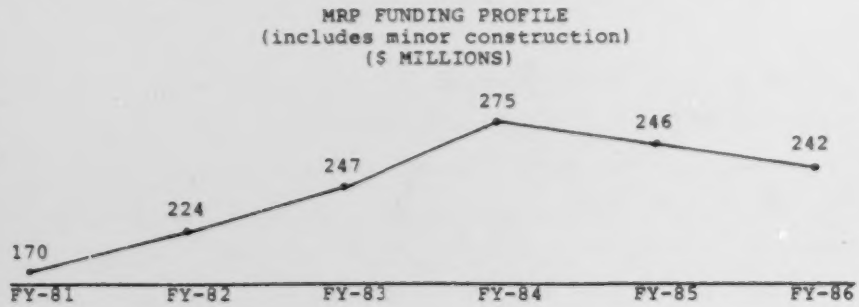
This steady growth in funding since fiscal year 1981 has provided modern living and dining conditions at an unprecedented rate and certainly has contributed to the retention of Marines as reflected by increasing first-term reenlistment rates.

Modern maintenance and training facilities have also been provided by these funds, directly impacting upon the increased materiel and training readiness of the operating forces.

Maintenance

While military construction funding has continued to increase, maintenance of real property (MRP) funding by the O&MMC appropriation has not kept pace.

The chart below depicts actual O&MMC MRP funding for maintenance and repair work, as well as minor construction since fiscal year 1981:



Reserve

The "readiness" of men and their equipment is a time honored Marine tradition. It is a prime objective of the Active Component and one must accept nothing less of the Reserve. It is gratifying to report that the Corps' Reserve Component is as ready today as at any time in history.

Within the Marine Corps Total Force, the Selected Marine Corps Reserve (SMCR) contributes trained units, which are organized into the 4th Marine Division, Aircraft Wing, and Force Service Support Group (FSSG). In addition to nine infantry battalions and 18 flying squadrons, these organizations represent 100 percent of the civil affairs capability, 67 percent of force reconnaissance units, 40 percent of the tanks, 33 percent of the heavy artillery, 33 percent of the anti-aircraft missile capability, 30 percent of light-attack aviation, and much more. Their role upon mobilization will be as follows:

- Selectively augment the active forces in order to field the three active MAFs at full wartime structure.
- Reinforce the active MAFs with selected units if warranted by threat assessment.
- Provide capability to reinforce with an additional Marine Amphibious Brigade (MAB).
- Provide a full Division, Wing and FSSG, if "augment/reinforce" is not ordered.
- If "augment/reinforce" is ordered, provide a nucleus to reconstitute to a full Division, Wing, and FSSG.

Training

The same expertise and proficiency in command and control, fire support coordination, amphibious planning, and fire and maneuver expected of the Active Component are also expected of the Reserve. These skills are continually refined through exercise participation. A cycle of training is maintained which includes, among others, combined arms exercises, cold weather training, and

amphibious landings. Over 25,000 reservists gained the benefit of participating in 14 major exercises during 1984. Highlights of the fiscal year 1984 exercise schedule were combined arms exercises (CAX) at 29 Palms, California, cold weather training abroad in exercises COLD WEATHER and TEAM WORK, and a major reserve amphibious exercise, PHALANX SOUND II, conducted by the 2d Marine Amphibious Brigade.

Another feature of the annual exercise schedule is Reserve unit participation in the Marine Corps Combat Readiness Evaluation System (MCCRES). Reserve units are routinely assessed with the same criteria used to evaluate active force combat capability. While the results of these tests are primarily intended for the use of the unit commanders, insight as to the success of our training programs can be gained by comparing evaluated readiness between 1981 and 1984. Of units tested both years, 54 percent were judged combat ready in 1981, while in 1984 all were assessed as being combat ready.

Mobilization

The ability to successfully execute Marine Corps missions during a world-wide crisis situation requires a responsive mobilization process. This ability is routinely assessed and exercised from an overall perspective by participation in JCS mobilization exercises. Most recently, during exercise POWDER RIVER 84, the Marine Corps actually moved units and individuals to their gaining commands through designated stations of initial assignment. Some units and individuals, mobilized for POWDER RIVER, actually participated in exercise BEAR HUNT overseas. Completing this system at the unit level, the 4th Marine Division and Aircraft Wing conduct what is known as a Mobilization Operational Readiness Deployment Test (MORDT). Again, comparing MORDT results of 1981 and 1984 is particularly instructive. Of 95 different units tested in both years, 81 percent were evaluated as being ready in 1981, while 94 percent were judged ready just last year. The training and mobilization exercises previously addressed

reflect dramatic improvement in Reserve readiness. This substantiates the fact that we do indeed have crucial, pretrained, manpower awaiting the call to duty. Of significant note, is the designation of VMFA-112 in Dallas as the Marine Corps' 1984 Fighter Squadron of the Year. This competition included all fighter squadrons, active and reserve, F/A-18 and F-4 alike. Also three reserve squadrons have assumed active contingencies during the F/A-18 and AV-8B active force transition.

Prepositioning

Maritime Prepositioning Ships (MPS)

The most dramatic impact upon Marine Corps readiness in 1985 will be the completion of the load-outs of the first two MPS squadrons of the three squadron program. The third squadron will load-out in fiscal year 1986, thereby achieving the full MPS capability. The maritime prepositioning concept is new and exciting, adding a dimension to strategic mobility previously only partially provided by the Near Term Prepositioned Force (NTPF). This capability allows the introduction by each squadron of a Marine Air-Ground Task Force (MAGTF) of over 16,500 Marines and sailors to a crisis area within a matter of days. Each MPS squadron will carry selected equipment and supplies to support a Marine Amphibious Brigade for 30 days.

Norway. Since November 1982, the Marine Corps has steadily increased the amounts and types of equipment shipped to Norway for storage as part of the overall program to preposition mission-essential selected equipment and supplies to support a Marine Amphibious Brigade (MAB). This strategic mobility program supports the rapid reinforcement of NATO -- specifically the vital Northern Flank which, in part, controls the sea lines of communications between CONUS and Europe. Once in place, the prepositioned stocks will support the force closure of a MAB in a matter of days. Such a mobility enhancement sends strong signals

of American resolve to our Allies. The prepositioning program for Norway continues on track.

Rapidly Deployable Medical Facility (RDMF). A Rapidly Deployable Medical Facility providing a 1000-bed capability in support of the Marine Corps has been obtained and is prepositioned afloat at Diego Garcia. The sum of $25 million for the RDMF was provided to the USMC in the 1982 budget for procurement. The Navy retained the responsibility for the operational support of the RDMF.

SUSTAINABILITY

Whereas "first to fight" and readiness are synonymous for the Marine Corps, the ability to continue the fight once joined is equally important. Here we are talking about materiel sustainability as a function of the capability to resupply the weapons, equipment, munitions, and secondary items in response to combat attrition or consumption. Prepositioned war reserves of ammunition, principal end items (PEIs) and secondary items represent the initial staying power to sustain the fight until resupply can flow from the CONUS base. Our present goal is to attain 50 days of supply principal end items and secondary items and 60 days supply of missiles and ammunition. Our ultimate goal is 60 days and 90 days, respectively.

Ammunition

In 1980, the Marine Corps ammunition situation was critical. We had on hand only 19 days supply of ammunition. Our present level is 29 days, and with the fiscal year 1986 budget we will have attained 44 days, a marked improvement over 19 days.

Principal End Items. Prior to fiscal year 1982, the acquisition of principal end items had, for all practical purposes, stood still. Since that time significant progress has been made. Equipment which will be purchased for PWR is listed as follows:

- M-60 Track Width Mine Plows, Armored Vehicle Launched Bridge, M198 Howitzers, Battery Computer Systems, Shoulder Launched Multi-purpose Assault Weapons, and Squad Automatic Weapons
- Night Vision Equipment, AN/PPN-19 Radar Transponders, and OL-275/VRC's (Steerable Null Antenna Processor)
- M939 Series 5-ton Trucks, High Mobility Multi-purpose Wheeled Vehicles, A/C Fire Rescue Vehicles, and Logistics Vehicle Systems
- Tractors, Air Conditioners, Dummy Loads, Generators, Boat Bridges, Graders, and Scrapers

Secondary Items and Repair Parts

Secondary items include initial and replenishment spares and repair parts. Initial spares are the initial allowance of peculiar depot reparable spares and repair parts needed to support new equipment. Our fiscal year 1986 budget request fully funds our requirement for initial spares. Replenishment spares are peculiar depot reparable spares and repair parts for continued support of fielded equipment. By the end of the fiscal year 1985 Funded Delivery Period, our Stores System will contain 73 percent of our needed replenishment spares. The fiscal year 1986 budget request provides for attainment of 98.4 percent of our replenishment requirement for spare and repair parts. Funding requested in fiscal year 1986 will allow us to attain 100 percent of our PWR objective for spare and repair parts.

Secondary items also includes consumable materiel under the funding responsibility of the Fleet Marine Forces. The availability of repair parts during combat is vital in sustaining the fighting forces over an extended period of time. The Fleet Marine Forces reported 82 percent attainment of PWR requirements for this category of materiel at the end of fiscal year 1984.

Medical. The lack of Authorized Medical Allowance Lists (AMALs) and Authorized Dental Allowance Lists (ADALs) items could result in the increased potential for combat fatalities. Further, combat

force personnel sustainability is directly related to the number of casualties that can be returned to duty. Increased funding in this area in recent years has resulted in a 70 percent attainment level of AMALs/ADALs for the Fleet Marine Forces in fiscal year 1984. The execution of the fiscal year 1985 budget will allow the attainment of the remaining deficiencies except for certain shelf-life consumables which are readily available from commercial sources.

Reserve Sustainability

The Marine Corps Reserve is, in the truest sense, our single largest source of sustainability and is charged with providing the capability for rapid expansion of the force during a national emergency. These forces present a vital added dimension to the Marine Corps' ability to respond to crisis.

Today the Reserve is an integral partner. All our equipment acquisition objectives address Active and Reserve requirements concurrently, including initial issue quantities for all Reserve Units and planned sustainability for Reserve Units which would deploy by D+60. Acquisition of spares, maintenance and repair support for Reserve equipment is included in this effort.

Marine Corps overall equipment goals for the Reserve are being met. Today over 96 percent of the equipment required for training is on hand. The remaining equipment required for mobilization is programmed to be held at Marine Corps Logistics Bases. While these stores are not yet adequate to satisfy total reserve requirements, current programs will essentially eliminate shortages by the end of fiscal year 1988.

Summary. The following chart summarizes attainment status for ammunition and principal end items (PEIs). The most optimistic forecast for ammunition and PEIs recognizes continued shortfalls even through the end of the period.

USMC "Sustainability" (Ground)
Overview Fiscal Years 86-90
($ MILLIONS)
(Percent Based on $ Requirements)

	FY-86 Acquisition Objective	FY-86 Attainment	FY-86 Shortfall	FY-90 Attainment	FY-90 Shortfall
Ammunition	$6,151	$2,620 (43%)	$3,531 (57%)	$5,748 (93%)	$403 (7%)
Principal End Items	$12,049	$9,373 (78%)	$2,676 (22%)	$11,687 (97%)	$362 (3%)

MODERNIZATION

Ground

Ammunition

Ammunition modernization includes projectiles for the M198 155mm Howitzer. COPPERHEAD is a terminally guided system launched from 155mm Howitzers. During flight, the target is illuminated by a forward observer with a laser designator. An on-board computer continuously refines the terminal trajectory and provides guidance to the control surfaces, causing the round to home in on the target. The COPPERHEAD projectile is designed to defeat moving armored targets. The 155mm Area Denial Artillery Munition (ADAM) is used to deliver anti-personnel mines, which are expelled from the rear of the projectile and are armed after ground impact. There is a self-destruct feature in the timing mechanism. The 155mm Remote Anti-Armor Mine (RAAM) contains a payload of nine anti-tank mines and provides the capability to rapidly emplace anti-tank minefields. It also contains a self-destruct feature.

Although the ADAM and RAAM programs started in fiscal year 1980, we will have low attainment rates through the fiscal year 1986 funded delivery period. Initially, both programs suffered from production problems with the M483 projectile carrier. Further, the introduction of the M198 Howitzer drastically increased our earlier acquisition objectives. ADAM requirements tripled and RAAM requirements increased by a factor of 10. The production problems have been solved and deliveries are being

received on a regular basis. We will be accelerating our attainment of these projectiles in the future.

Combat Vehicles. In fiscal year 1985, we are completing the initial buy of 758 Light Armored Vehicles (LAV) and the remaining 240 vehicles of the Landing Vehicle, Tracked (LVT) Service Life Extension Program (SLEP). The LVT (SLEP) program will extend the amphibious vehicle service life into the 1990's. Deliveries began in August 1983, and the program will be completed by the end of fiscal year 1986.

Weapons

The M16A2 rifle program continues in fiscal year 1986. This weapon is a product improved M16A1 with adjustable rear sights, stronger barrel, three round burst capability, improved muzzle brake, and improved handguards. Other weapons include the 9mm Personal Defense Weapon, the M-249 Squad Automatic Weapon (SAW), the Shoulder-Launched Multi-Purpose Assault Weapon (SMAW) and the Mark-19 (MK-19), 40mm Heavy Machine Gun. The 9mm Personal Defense Weapon is the replacement for the .45 caliber pistol. The SAW is a light weight, 5.56mm machine gun for our infantry squads. It can use either a 200 linked-round magazine or the standard 30 round magazine. The SMAW is an 83mm rocket with a 9mm spotting rifle that provides a 250 meter standoff, bunker-busting capability. It has a dual mode warhead which is capable of differentiating between hard (masonry) and soft (sand, timber) targets. The MK-19 fires linked, armor-piercing 40mm grenades which will help to counter the growing numbers of infantry fighting vehicles possessed by potential adversaries.

The TOW missile has undergone two enhancements, the I-TOW (Improved TOW) and TOW-II, from the basic TOW procured during the fiscal year 1974-1978 period. The two improvements have given us greater warhead penetration, night vision capability and electro-optical countermeasures. We completed our procurement of I-TOW in fiscal year 1981 which involved retrofitting over 1800

basic TOW missiles. In fiscal year 1982, we began procuring only TOW-2 missiles. Acquisition objective attainment at the end of fiscal year 1986 will be 80 percent. Procurement of all TOW hardware and ground support equipment will be completed by the end of fiscal year 1985.

This year we are continuing to acquire the M60 Track Width Mine Plow which is capable of clearing a path by physically extracting and neutralizing land mines, and the Armored Vehicle Launched Bridge (AVLB) which transports, launches and retrieves bridges up to 60 feet long when speed of action and effective use of terrain become critical. The AVLB will support the M1A1 tank fleet and along with the Track Width Mine Plow is a much needed new capability which we have not had previously.

The Marine Corps has selected the Battery Computer System (BCS) as its battery level fire direction computer. Procurement of an Army system for this requirement allows continued joint training and logistics support and reduced development and procurement costs. BCS provides us with improved responsiveness and accuracy of our artillery fire.

Communications and Electronics Equipment

Under the principle of unity of command, the Marine Corps Air Ground Task Force (MAGTF) commander must have complete control over all ground combat, aviation, and logistics elements of the task force.

The Marine Corps is modernizing communications and electronics equipment by replacing 20-year-old vacuum tube radios with smaller, lighter, and more reliable solid state radios. We are replacing the AN/PRC-47 Radio Set with the AN/PRC-104 Radio Set, a lightweight man-pack high frequency transceiver with a range of 10 miles. We are procuring vehicle mounted radios such as the AN/MRC-138 and AN/GRC-193, which are high frequency transceivers and provide long-range transmission capability, to replace the AN/MRC-83A, AN/MRC-87A, and AN/TRC-75.

The Unit Level Circuit Switch (ULCS) Program is a multiservice effort with the Marine Corps as the lead service. The program

includes the Unit Level Circuit Switch, Unit Level Message Switch (ULMS) and Life Cycle Support efforts. The ULCS program will develop a family of joint tactical command and control digital switching equipment that will provide an automatic secure telephone switching capability to the MAGTF. The ULMS program will develop tactical data switching equipment capable of rapidly routing traffic to appropriate users. The ULCS and ULMS programs will provide the backbone of the Marine Corps tactical, common user telephone and tactical data switch systems.

The Position Location Reporting System (PLRS), is a joint service system which provides accurate, real-time position location and identification information to commanders. As directed by Congress, PLRS is transitioning from the AN/UYK-20A computer to the new AN/UYK-44 computer.

Night Vision Equipment turns night into day and is probably the most significant enhancement for night fighting developed in recent times.

Intelligence

Our ability to produce and disseminate all source intelligence to tactical commanders is developing rapidly under the Marine Air-Ground Intelligence System (MAGIS). The Intelligence Analysis Center, the "heart" of MAGIS, becomes operational this year. Other systems being developed include the All-Source Imagery Processor, a soft-copy imagery exploitation system which exploits electro-optical, infrared, and radar imagery in near real-time from tactical and national sources.

Our Signals Intelligence and Electronic Warfare Systems will be modular, transportable, and semi-automated. They will intercept, identify, locate, and jam threat signals from both airborne and ground based platforms as well as analyze and report intelligence information from tactical and national sources.

Support Vehicles

The primary focus of our effort has been to completely replace the current fleet of 1960/70 vintage vehicles. For example, the

High Mobility Multi-Purpose Wheeled Vehicle (HMMWV) is a multipurpose vehicle which will replace eight different light vehicles and trailers. This vehicle, having different body configurations such as ambulance, weapons platform, and cargo, will perform a wide variety of tactical mission roles. All variants will have a common chassis, engine, and drive train and will contribute significantly to our overall goals of simplifying and reducing operator and maintenance training and logistics support requirements.

Our heavy vehicle fleet requirement will be satisfied by the Logistic Vehicle System (LVS) which is a 16-ton class high-mobility mover with interchangeable rear body units.

In the medium vehicle fleet, the old M44 series 2½-ton and M39 series 5-ton trucks will be replaced by new M939 series and product improved M809 series 5-ton trucks. The latter are being produced by retrofitting old M39 series chassis with the M809 product improvements under a depot maintenance rebuild program. This conversion program has enabled us to accelerate replacement of our worn out 5-ton vehicle fleet.

Lightweight Camouflage Screening System

The Lightweight Camouflage Screening System is a replacement for the burlap garnished twine camouflage nets which are obsolete and no longer available. This camouflage screening system is superior to the burlap system in that it does not absorb water, has more garnish, and includes its own support system, e.g., poles, and repair parts. It can be assembled and disassembled more rapidly, provides easier maintenance and handling, provides greater concealment from enemy radar, and lessens the possibility of photographic and visual detection.

The ability of this system to scatter and diffuse radar signals is a marked enhancement over any previous camouflage system, thereby enhancing our ability to survive on the electronic battlefield. Completion of this procurement will require ten years (fiscal years 1980-1989) for all three types of camouflage:

Woodland, Desert, and Snow. The overall 68 percent attainment level at the end of fiscal year 1986 represents the following attainments by type: Woodland, 80 percent; Desert, 72 percent; and Snow, 50 percent. Fiscal year 1986 represents the initial procurement of snow blend netting.

Personal Combat Clothing and Equipment

The Personnel Armor System, Ground Troops Vest (PASGT) replaces obsolete M55 body armor. The new vest, constructed of Kevlar material, covers the upper body and will reduce the number of serious and lethal wounds caused by grenade, mortar, and shell fragments.

The PASGT Helmet, a planned four year procurement, replaces the obsolete steel helmets adopted for Marine Corps use more than 25 years ago. The helmet is constructed of Kevlar material and offers increased ballistic protection to the head, temple, ear, and neck areas against fragmenting munitions.

The HST/Armored Vehicle/Artillery Helmet will provide protection for Helicopter Support Team (HST), combat vehicle crewmen, and artillerymen.

The Desert Camouflage Uniform ensemble consists of 10 items for wear in hot, dry climates. These items are new to the Marine Corps and do not replace any current items in inventory.

The Woodland Blend Camouflage Field Jacket, a four year procurement, replaces the old olive green sateen jacket.

The Woodland Blend Camouflage Poncho, a two year procurement, replaces the old olive green wet weather poncho. The new poncho will also complement the woodland blend utilities.

The Tropical Uniform, a two year procurement, will provide a uniform suitable for wear in hot, moist environments. It does not replace any current item.

The Improved Cold Weather Clothing, a two year procurement, will replace the current six layer, bulky, cold weather system which has not been improved/upgraded since the 1950's. While it increases protection from environmental hazards, the weight of the

new system is 30 percent less than the current system.

The Vehicle Crewman Ensemble, which consists of 11 items, will be worn by crewmen aboard tanks, LVTs and LAVs. The uniform ensemble provides combat vehicle crewmen with safety and maximum comfort during extended periods of vehicle operation, as well as providing space for items necessary for individual survival.

Nuclear, Biological, and Chemical Defense

An area consistently highlighted as deficient by Force commanders and of concern to us all is nuclear, biological, and chemical (NBC) defense. We anxiously await the completion of research and development of NBC defensive materiel necessary to meet the current threat. In the meantime, we are proceeding with procurement of available items as follows:

The Improved Chemical Protective Clothing, a three year procurement, will replace the current two piece olive green overgarment. The suit provides protection against vapors, aerosols, and small droplets of chemical agents.

The M17A2 Mask is a newly improved version of the M17A1 Mask. The M17A2 will be the basic mask provided to every Marine for protection against chemical attack.

The IM-185 Radiac Dosimeter, a two year procurement, replaces the IM-143 dosimeter and increases NBC detection capabilities because of its gamma and neutron detection capabilities.

The Nerve Agent Antidote will bring the operating forces to full allowance for these items.

Chemical protective clothing and equipment items will assist in modernizing the Marine Corps NBC defense capability, but we are a long way from achieving our goals. As mentioned, Force commanders continually report NBC supplies and equipment as their most significant equipment deficiency. Beyond fiscal year 1986, progress towards satisfying these critical needs is dependent on successful completion of present research and development in such areas as decontamination equipment, chemical agent monitors, and individual chemical agent detectors.

Aviation

Marine Aircraft Wing modernization enhancements in the area of electronics, radar and communications include the following:

The Tactical Air Operations Module (TAOM) AN/TYQ-23 is a joint service system which provides for automatic detection, tracking, and identification, in real-time, of all aircraft and missiles in a given area. TAOM controls the engagement of enemy air threats and maintains voice and data communications with other command and control systems. The unique, modular construction of the AN/TYQ-23 allows it to be tailored to the size of the Aviation Command Element of the MAGTF. Increased reliability demonstrated in the AN/TYQ-23 will increase MAGTF responsiveness.

The AN/TPS-59 Decoy is a lightweight portable radar simulator used to protect the AN/TPS-59 radar itself by providing Electronic Counter Counter Measure (ECCM) capability against anti-radiation missiles.

The AN/PPN-19, Radar Transponder is a self-contained, lightweight, manportable, battery powered, ground-based radar transponder which responds with a radar signal when triggered by an appropriate aircraft or shipboard radar. When utilized by the forward air controller, the AN/PPN-19 provides a day or night, all-weather, close air support beacon bombing capability. When employed by a radar beacon team, it provides shipboard radars a significant aiming point for Naval Surface Fire Support and a reference for navigation.

On the modern battlefield, mobility, survivability, and reliability are paramount goals. To ensure that current and postulated threats from air and ground are countered, Marine Corps aviation has implemented ground to air missile modernization programs. These programs include the third phase of a preplanned Product Improvement Program (PIP) for the HAWK missile system which will extend the system's life through the 1990's. This is a joint program with the U.S. Army and includes both ground support equipment and missiles. The fiscal year 1986 funds will allow the attainment of 51 percent of the objective.

STINGER missiles are replacing the REDEYE missile system throughout the Marine Corps. Conversion of all active batteries will be completed in April 1985. The STINGER is a lightweight, shoulder-fired missile which provides Fleet Marine Force units with a vastly improved low altitude air defense capability during amphibious operations and subsequent operations ashore. The STINGER has undergone improvements in the form of the Passive Optical Seeker Technology (POST) over the basic version. This improvement enables the missile to be effective in an Electronic Counter Measures (ECM) environment and greatly enhances its capability to survive. In the future, the STINGER will be upgraded by the addition of a Reprogrammable Micro Processor (RMP) which will add to its already formidable capabilities. The RMP version of the missile will provide the capability to update STINGER as the air threat changes.

I would like to point out that by increasing the quantities of the buys, a relative decrease in the cost of our missiles has been realized. Further, all ground support equipment, training equipment and simulators to maintain the combat proficiency of our gunners have been purchased.

Logistics

Combat service support (CSS) elements must provide the MAGTF commanders with the necessary logistics support to carry out their assigned mission. To meet this challenge, which requires greater mobility, reliability, availability and maintainability, the CSS is undergoing an intense, unparalleled modernization.

Engineer Equipment

Our engineer equipment is antiquated. Much of it is now unserviceable and must be replaced. The equipment that is being procured will bring the Marine Corps out of the 1960's and enable us to provide our forces more mobility, protection, and necessities of life such as water.

We will be buying modern tractors, forklifts, reverse osmosis water purification units, medium girder bridges, and shelters. These items are not very glamorous, and their importance is often overlooked. Engineer equipment is sometimes the first item selected for budget cuts; however, the success of combat operations often depends on such items.

Field Logistics System

The most comprehensive of the modernization programs is the Field Logistics System (FLS). The Marine Corps' FLS is an integrated program which provides intense life cycle management of selected combat service support equipment. It assures success in logistically supportable amphibious operations, while exploiting the benefits of containerization. The system is designed around international dimensional standards in order to be able to use all modes of transportation, especially the container-capable merchant fleet. Major subsystems of FLS are shelters, containers, motor transport, engineer, and materiel handling equipment. The goals of the system are to: reduce manpower; lower equipment acquisition and logistics support costs, and reduce shipping space requirements; and decrease training needs while enhancing the effectiveness of the logistics support system and the readiness posture of the Marine Corps amphibious forces.

In addition to FLS, the Marine Corps has other modernization programs designed to improve the Marine Corps' capability to provide logistics support to the MAGTF commanders.

The programs are:

- Logistics Vehicle System (LVS)
- Medium Girder Bridge (MGB)
- Lightweight Amphibious Container Handler (LACH)
- Fuel Distribution
- Reverse Osmosis Water Purification Unit
- Water Supply Support System

Logistics Vehicle System (LVS). The LVS is a family of combat support vehicles with a tractor and four interchangeable rear body

units (container, dropside cargo with crane, recovery trailer unit, and fifth wheel). The design features provide enhanced cross-country mobility required to move weapons systems and provide logistics support for operating forces.

Medium Girder Bridge (MGB). The MGB provides a lightweight, easily transportable, two-girder deck bridge capable of supporting class 60 loads of wheeled or tracked vehicles across 100-foot spans or 162-foot spans when employed with the link-reinforcing set. Distinct advantages over existing bridges include reduction of transport requirements, reduction in construction time, reduced logistics support problems, and reduction in personnel required for erection.

Lightweight Amphibious Cargo Handler (LACH). We are in the process of procuring and fielding the LACH to assist in the movement of containers over the beach. The LACH, which has been operational since fiscal year 1984, is a towed, straddle-lift carrier designed to remove containers and tactical shelters from beached landing craft and place them on trucks for further transport to inland combat service support areas.

Fuel Distribution System. The fuel distribution system consists of Amphibious Assault Fuel System (AAFS), Tactical Airfield Fuel Dispensing System (TAFDS) and Helicopter Expedient Refueling System (HERS). TAFDS provides a system capable of receiving, storing, and dispensing aviation fuel in tactical airfield operations. AAFS provides a system capable of receiving, transferring, and dispensing gasoline, diesel, or jet fuels from the high water mark of the amphibious beachhead to the inland distribution points. HERS provides a helicopter transportable fuel dispensing system capable of refueling helicopters operating forward of established air facilities.

Reverse Osmosis Water Purification Unit. The Reverse Osmosis Water Purification Unit is designed to produce potable water for

the Fleet Marine Force from fresh, brackish, and salt water sources. The unit has the ability to process NBC contaminants. The production rate is 600 gallons per hour, based on a 20-hour day. The Marine Corps will replace four different types of water purification equipment with this unit.

Water Supply Support System. This system provides for the storage, distribution, transportation via flexible pipeline, and cooling of water for a Marine Amphibious Brigade. There is a requirement to maintain 3.5 days of supply (1.2 million gallons) of water in a hot, arid environment in support of the MPS Brigade. This system will meet that requirement. We procured one system in fiscal year 1984 and plan to procure one system in fiscal year 1985.

Reserve

Ground

Highlights of Reserve ground equipment modernization in fiscal year 1985 and fiscal year 1986 include the following:

- M198 Howitzer to one artillery battalion
- M16A2 Rifle, MK-19 40mm Machine Gun, M2 .50 caliber Machine Gun, TOW II, Shoulder Launched Multipurpose Assault Weapon (SMAW), 9mm Pistol, M60E3 Machine Gun, and M249 Squad Automatic Weapon (SAW) to infantry units
- High Mobility Multipurpose Wheeled Vehicles (HMMWV) to units of the Division, Wing, and FSSG
- Logistics Vehicle System (LVS) to selected combat service support units of the FSSG

Aviation

With respect to aircraft modernization, plans are also developed in terms of our Total Force. Although active squadrons are being modernized before the Reserve, there is still a substantial degree of commonality. Aircraft such as the F-4,

CH-46E, UH-IN, AH-1J, and KC-130F are all being flown by the Active force as well as the Reserve. Nevertheless, planned modernization of the Reserve takes a high priority. Though updated models are being received from the Active force as they receive new aircraft, existing Reserve inventories are aging, and there are acknowledged shortages, especially in aerial refuelers and attack helicopters.

Our modernization plans provide newer F-4's and A-4M's in reserve fighter and attack squadrons as they become available. Our goal is to upgrade with the Hornet, and have a Reserve "all F/A-18" fighter/attack force, with the transition beginning in 1991. As OV-10D's become available, through aircraft conversion, they will replace the older OV-10A's observation squadrons.

The planned exchange of heavy/medium helicopter structure in fiscal year 1992 (one heavy/two medium transitioning to two heavy/ one medium) has been revisited and will not occur. Present plans are to modernize our heavy helicoptor squadrons with the CH-53E in the late 1990's. Also before the year 2000 the two 12-plane CH-46E squadrons will be upgraded. A likely candidate is the MV-22A Osprey currently under development. Of our three utility squadrons, two fly the UH-1N, while the third squadron has six of the older UH-1E helicopters. In the course of bringing reserve attack helicopters to 24 aircraft in fiscal year 1988, the UH-1E squadron at Glenview Illinois will transition to the Cobra.

Navy Support

Amphibious Shipping

The Department of the Navy has embarked upon a balanced shipbuilding program designed to meet the Defense Guidance objective of sufficient ships to simultaneously lift the assault echelons of a MAF and a MAB. The current Navy shipbuilding plan will fully meet the Marine Corps stabilized lift requirements by fiscal year 1994.

The program for our most capable amphibious ship, the amphibious assault ship (multipurpose), LHD 1 (WASP) Class, is well underway. Keel laying for the USS WASP will be in August. The LHD 1 Class is the linchpin to meeting overall Defense Guidance lift objectives. Accordingly, we fully support the Navy request for advance funding for three more of these superb ships.

The lead ships of the LSD 41 Class (LSD 41, 42, 43) are invaluable additions to the Nation's amphibious capability. USS WHIDBEY ISLAND (LSD 41) was recently commissioned; USS GERMANTOWN (LSD 42) was launched in June of last year; and LSD 43, as yet unnamed, is scheduled for launch in December of this year. Three additional LSD 41 Class ships have been authorized, with plans for two more in this year's defense appropriations request. A derivative class of amphibious ship, based on the LSD 41 hull and optimized for cargo lift, is being developed by the Navy. Additionally, although not a new construction effort, the LPD 4 Class of 11 ships is scheduled for a service life extension which will provide an additional 15 years of service life for these very capable ships.

Augmenting the capabilities of these ships is the Landing Craft Air Cushion (LCAC). Loaded on the LSD-41 and other well-deck ships, and launched from over the horizon, the 40-knot-capable LCAC, in conjunction with the helicopter, will reduce the risk to ships of the amphibious force while enhancing the surprise, mass, and maneuver of the assault forces. The first LCAC has been delivered to the Navy. The initial operational capability for the first six-craft detachment, to be homeported at Camp Pendleton, California, is 1986. A second LCAC support base is planned for Little Creek, Virginia.

Coupled with the delivery of the LCAC and the LSD 41's, introduction of the LHD provides the Nation's amphibious forces the opportunity to advance and further refine evolving techniques for the over-the-horizon (OTH) launch option of amphibious forces. The OTH launch will be one of the keystones of successful amphibious warfare in the future.

Aviation Logistics Support Ship. An important initiative is the Aviation Logistic Support Ship (T-AVB) program. With either of two T-AVB ships available, the aviation combat element of any MAGTF will be provided more rapid intermediate maintenance support once it arrives in the area of operations. The T-AVB provides vital support for both helicopter and fixed-wing aircraft, through sealift of a partial, consolidated, intermediate maintenance activity to a theater of operations. This seaborne maintenance capability permits early introduction of landing force aviation which can expedite the early release of carrier battle groups to other sea control or force projection missions, if needed.

Medical

Large scale amphibious operations in a high intensity combat environment will involve a significant number of casualties requiring immediate treatment and surgery. Under most scenarios, the medical facilities of the Amphibious Task Force would reach their maximum capability early in the engagement or be required to leave the amphibious objective area as the Marine Corps medical units are being established ashore. The global mission of our Corps requires the flexibility of medical support that can be met only by hospital ships that have the capability of going where our Corps goes and of being ready when the first casualty occurs. At the current time, there are no hospital ships. In order to correct this deficiency, the Navy has embarked on a program to provide dedicated afloat medical support for our forces through the Hospital Ship Program which will provide two San Clemente Class tankers converted into hospital ships with 1000 beds each. Initial operating capability is scheduled for May 1987 and February 1988.

The 11,750-bed program for 20 Fleet Hospitals will provide the bedspace and treatment capability to reduce the number of replacements required for experienced combat Marines and consequently reduce the logistics requirement for medical evacuation out of the theater.

The Marine Corps applauds and supports the efforts of the health planners of the Navy and solicits the support of Congress in assuring that the Navy achieves its goals. Through demonstration of our resolve to care for our casualties, the credibility of our commitment to counter the threat maintains substance.

FORCE STRUCTURE

The fourth pillar upon which military capability is built is force structure. The determination of the proper military structure is a part of the continuous, comprehensive requirements determination process which considers national strategy, Defense Guidance, and the threat. An adequate force structure requires the presence of the necessary mix of combat and supporting personnel. It is not only a matter of personnel availability, but also the provisioning of the supporting weapons, transport, and supplies that constitutes a force in being.

Manning

The Marine Corps has been following a long-term, well-annnounced, conservative, and deliberate pattern of growth in both Active force structure requirements and manning to support essential modernization efforts. For the most part, manning is scheduled to support new equipment and systems already in the procurement pipeline.

Force manning levels have improved since 1980 partially because authorized active-duty end-strengths have increased by 5.2 percent; however, the Marine Corps has also been revising its force structure composition in order to meet the changing threat. In many instances, force structure increases have been compensated for by internal adjustments. For example, since 1980, the personnel strength for Marine Corps infantry battalions was reduced while the battalion's fire power was increased by 25 percent.

Although structure growth, equipment, procurement, and systems acquisition continue as previously scheduled, planned growth in manning has been slowed as a result of fiscal constraints. The result has been reduced manning of legitimate structure requirements. Our authorized fiscal year 1985 end-strength of 198,300 provides manning for 89.4 percent of the Fleet Marine Forces (FMF). This level will drop in fiscal year 1986 to 88.9 percent despite a requested end-strength increase to 199,500, as the amount of structure added exceeds the manning to support it.

Ground

The reorganization of Marine Corps infantry battalions into more firepower-intensive units began in 1983. When reorganization is completed in May of this year, these battalions will have fewer personnel, but their organic firepower will have increased appreciably. This increase is the result of the acquisition of the improved M16A2 rifle, a new squad automatic weapon (SAW), an improved M60 machine gun, the MK-19 40mm heavy machine gun, the M2 .50 caliber machine gun, the Shoulder-Launched Multipurpose Assault Weapon (SMAW), and a new 60mm company mortar.

The Marine Corps continues to improve its ability to operate in an NBC environment. The number of specially trained NBC personnel has been increased by 75 percent. Equipment upgrading is proceeding with procurement of decontamination equipment, chemical detectors, and protective clothing and equipment; however, as mentioned earlier, deficiencies persist in this area.

Activation of New Units

The following activations are programmed: the activation of the 3d Light Armored Vehicle (LAV) battalion; an additional battalion of the new M198 Towed 155mm Howitzers; and two batteries of M109 Self-propelled 155mm Howitzers. These units will increase both the firepower and mobility of our forces based on the West Coast and in the Western Pacific, extending to them such improve-

ments already available to the forces assigned to the Atlantic region.

Concurrent with our missile modernization programs, TOW platoons are being activated in the headquarters companies of the infantry regiments. Four platoons have been activated to date with all nine scheduled for activation by the end of fiscal year 1986. These activations, coupled with the increased missile munitions of our infantry battalions, will double the capability that we had acquired in fiscal year 1983. The increased numbers of missiles, with thermal night sights, give us the around-the-clock capability to defeat most armored threats.

Aviation

Marine aviation is more capable now of fulfilling our national security objectives than at any time in modern history. New and vastly more capable aircraft and weapons systems are joining our inventory. Additionally, Marine Corps aviation has enhanced its modernization by virtue of its joint participation in U.S. Navy aircraft procurement programs, as well as procurement programs unique to Marine Corps requirements. The funding profile listed below is indicative of the growth in support for Marine aviation. It includes aircraft spares, aviation ground support equipment, and aircraft modifications.

Aircraft Procurement, Navy
($ MILLIONS)

FY-82	FY-83	FY-84	FY-85	FY-86
2,050.3	3,100.6	2,929.1	3,088.4	3,416.1

As a result of this funding, the aviation element of the Marine Corps has kept pace with the ground element. With the support of Congress, the introduction of the AV-8B into the Marine Corps began this year with the standup of our first squadron on 30 January 1985. Proposed fiscal year 1986 deliveries will accelerate the upgrading of two more light attack squadrons. This unique aircraft is compatible with the forward basing strategies and

complements the flexible capabilities of the Marine Corps. The AV-8B reduces the need for prepared airfields as well as the required response time for close air support by virtue of its forward displacement. The AV-8B, with twice the range or payload of the AV-8A, builds on the proven concepts of VSTOL (Vertical and Short Take-Off and Landing).

The Marine Corps, with the support of the Department of the Navy, has undertaken an initiative to complement the nighttime capability of the A-6E. This attack enhancement program will be introduced first in the AV-8B and will include Forward Looking Infrared Radar (FLIR), night vision goggles, moving-map display, and a rasterized heads-up display. This combination of systems will enable the pilot to detect, acquire and destroy targets previously hidden by darkness.

The Marine Corps is eagerly anticipating completion of the A-6E upgrade to the A-6F. This program promises enhanced capability, reliability, and survivability. Improvements in engines and radar systems will provide for the introduction of the AAMRAM missile. Reliability and maintainability features designed to reduce maintenance manhours will be incorporated. Finally, heightened survivability will be achieved with increased weapons standoff, reduced systems vulnerability, and improved electronic counter-measures. This upgrade is essential to the development of enhanced deep strike, all weather, and reduced visibility capabilities of Marine Aviation.

Three new fighter/attack squadrons of F/A-18 aircraft, replacing vintage F-4s, not only improve fighter support, but also tighten bomb delivery accuracies by a factor of four. Three squadrons are currently operational with a fourth in conversion training at this time. Impressive mission capable and full mission capable aircraft readiness rates are being attained. In fiscal year 1986, the fourth and fifth F/A-18 squadrons will commence conversion training as the Marine Corps continues toward the ultimate goal of 12 F/A-18 squadrons. Concurrently, two Marine F/A-18 squadrons will deploy this year aboard aircraft

carriers as part of the Secretary of the Navy's interoperability initiative.

Another fighting improvement that the Marine Corps is investigating is the development of a two-seat, austere, all-weather version of the F/A-18. This two-seat version will feature decoupled cockpits, navigation FLIR, heads-down display, moving-map display, and night vision goggles.

The CH-53E helicopter will meet the Marine Corps heavy lift requirements beyond the year 2000. This powerful helicopter is operational in two squadrons with a third squadron currently receiving it. The CH-53E provides double the lift of the older A and D models. It's 16-ton lift capability is necessary to enhance the operational mobility of the M198 155mm howitzer, the Light Armored Vehicle (LAV), as well as other MAGTF heavy equipment.

During fiscal year 1986, the Marine Corps will accept the first installment of the two-year buy of 44 AH-IT+ attack helicopters. The procurement of the AH-IT+'s enables the Marine Corps to reduce existing inventory shortfalls as well as upgrade its capability. This upgraded version of the AH-IT provides increased performance in extreme operational environments and allows the platform introduction of the Hellfire, Sidewinder, and Sidearm missile capabilities. Finally, a night enhancement capability will also be inherent with the AH-IT+. This effort includes night vision goggles with compatible cockpit lighting.

Formerly known as the JVX, the Marine MV-22A is being developed to begin replacing the aging medium lift helicopter force in 1991. This initial operating capability is necessary to avoid a critical lift shortfall which would otherwise occur. The new tilt-rotor design of MV-22A enables deployment/employment in excess of that provided by conventional helicopters, through its unique speed and self-deployment capabilities.

Ideally suited for the Marine Corps, Laser Maverick anti-armor precision guided munitions are currently being delivered. Laser Maverick procurement continues with a funding request for 1500 missiles in fiscal year 1986. This missile provides an effective air-delivered, ground or air target-designated laser munition

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required in the close air support role. Imaging Infrared Maverick utilizes the same missile with a different seeker for deep strike interdiction roles.

Procurement of the Hellfire, a laser-guided missile, will provide increased point target accuracy, and the significant stand-off range increase over present capabilities will enhance the survivability of the launching platform. Another low-cost initiative for the attack helicopter and AV-8B force is the Sidearm, a lightweight anti-radiation missile which is a retrofit of existing AIM-9C missiles with an anti-radiation guidance group.

HAWK Battalions of the Marine Aircraft Wings are being expanded in fiscal year 1985 by adding a third firing section to each battery; this provides a 50 percent increase in each battalion's engagement capability. This HAWK battalion expansion is referred to as the TRIAD concept, that is, three HAWK missile sections per battery fighting in concert.

The Stinger replaces the REDEYE system and provides Marine ground forces with an advanced, man-portable, surface to air missile for use against low altitude jet/helicopter targets. The increase to five Forward Area Air Defense platoons in each battery in fiscal year 1985 will continue to provide significant improvements in the air defense capability of the wing.

Logistics

In order to provide essential combat service support to the combat forces, we are continuing to enhance the ability of the Force Service Support Groups to support and maintain amphibious operations at all levels of Marine Air Ground Task Force (MAGTF) configuration. In the past few years, we have activated and manned 15 previously cadred Force Service Support Group companies, in order to achieve combat service support readiness comparable to that of the combat forces. Increases to the combat service support structure are being made in order to correct current deficiencies. A force cannot be considered combat ready if its

logistics capability is deficient and unable to support the combat forces when needed.

Force Service Support Group (FSSG) units, with accompanying equipments, have been augmented with maintenance technicians to support LAV and TOW unit activations in I Marine Amphibious Force (MAF) and II MAF.

Reserve

The Marine Corps total force planning process embraces equipment modernization, as well as force expansion and development. This planning has mandated certain structure changes within the 4th Marine Division and 4th Force Service Support Group. During fiscal year 1985, the artillery regiment will reorganize one of its three direct support battalions to accommodate receipt of the first M198 155mm towed howitzers in the Reserve. Also, a second civil affairs group will be activated in Los Angeles. The Reserve has 100 percent of the Corps' civil affairs capability and plans are to eventually establish a third civil affairs group, which will be sufficient to support each of our three active Marine Amphibious Forces. Two salvage platoons will be activated in fiscal year 1985 to complement one existing platoon in the 4th FSSG. This capability is also resident only in the Reserve. A second air naval gunfire liaison company will be activated this year in West Palm Beach, Florida, whereupon 67 percent of that capability will be structured in the Reserve component. The first Reserve unit to be activated in Alaska will stand up in 1985 as a division reconnaissance company in Anchorage. This will provide the Marine Corps with a much improved opportunity to conduct operations in an arctic environment. Additionally, an air delivery platoon will be activated in Savannah, Georgia to complete structuring of the 2d Beach and Port Operations Company which began in fiscal year 1983.

Several extremely important SMCR activations will occur in fiscal year 1985 that will significantly improve Reserve medical

and dental capabilities. In late fiscal year 1985, Medical Logistics Company-4th Supply Battalion, three medical companies of the 4th Medical Battalion, and all of the 4th Dental Battalion will be activated. At that point, the structure of the 4th Supply and Dental Battalions will be complete. The 4th Medical Battalion will also be complete except for two companies which will be activated next year. Also, in fiscal year 1986 a sensor control and management platoon (SCAMP) will be activated in Mobile, Alabama.

A light armored vehicle (LAV) battalion will be activated in fiscal year 1987. It is anticipated that this battalion, consisting of approximately 960 Marines and 110 vehicles will be distributed over five sites. Four TOW platoons are also scheduled for activation during 1987. One will complete the structure of the Anti-Tank Company, 4th Tank Battalion, and the remaining three will be placed in each of the three infantry regiments.

A target acquisition battery will be added to the 4th Marine Division during fiscal year 1988, providing the Division with a greatly enhanced capability to acquire and attack enemy targets. In 1988 and continuing into 1989, the 4th Division's remaining two direct support artillery battalions will receive M198 howitzers and reorganize accordingly.

The HAWK battalion of the 4th Marine Air Wing is being expanded through the HAWK Triad Program in fiscal year 1985. This will provide a third firing section to each HAWK Battery and a 50 percent increase in the engagement capability of the battalion.

SUMMARY

In summary, it must be apparent that the Marine Corps is on the move. Readiness indicators are up across the board, with few exceptions. Sustainability is reaching new highs. Our unprecedented modernization program is well past the midpoint. Some

weak areas remain, but, they are recognized and we are working to strengthen them.

Without your help this upbeat picture would not have been possible; however, dollars alone do not combat capability make. In the final analysis it is the Marine - trained, equipped and sustained - who is the ultimate indicator of combat readiness. We do not seek to test this final indicator in the caldron of conflict. But, should the call come, Marines will not be found wanting. We are always faithful - always ready.

Mr. DANIEL. Sleep well tonight; the Marine Corps is on the alert.

General CRIST. That is it.

Mr. DANIEL. Thank you, sir, for an excellent statement.

Gentlemen, this is a recorded vote to establish the Select Committee on Narcotics Abuse. We will recess for 10 minutes.

Thank you very much. We'll be right back.

Mr. HUTTO [presiding]. Chairman Daniel will be back shortly, but he asked that we go ahead and get our questioning.

Admiral Lyons, I'd like to ask you a little more about the pilot attrition. I know that it was really bad a few years ago, and then we kind of stopped that, and now it's coming back, as I understand it.

PILOT ATTRITION

Admiral LYONS. Well, we've seen in the last several months about better than double the rate of requests for resignations than we had over a similar period the previous year, and we attribute that principally to two factors—the attractiveness of the airline hiring—that, coupled with the long deployments and continuous at-sea periods that we're experiencing today—in other words, the increase in our OPTEMPO.

So I think we are competing for these prize people in whom we have invested so much money and who are key elements certainly, in the readiness equation.

Statistically, we have shown that when we can keep pilots through a second tour, and so on, the aircraft accident rate has gone down significantly, our aircraft mishaps have gone down significantly.

I believe the figures that I have for the committee translated last year, with the pilots retained and the aircraft accident reduction rate achieved, to almost a billion dollars in savings.

So it's certainly an area that we don't want to neglect. We need to compete and we think the Aviation Officer Continuation Pay (AOCP) Program that Secretary Lehman has requested—with the lump-sum payments option—will put us in a better competitive position to retain those highly trained individuals.

Mr. HUTTO. Maybe if we could make them aware that the Navy doesn't strike, we'd have enough——

Admiral LYONS. That certainly is a factor, but, you know, for some of the young fellows, at times, the grass looks a little greener on the other side.

Mr. HUTTO. Yes, that's true.

Admiral LYONS. And let's face it, we're demanding a lot out of these fellows today. While they certainly appreciate the importance of our operations, there are other pressures that build on them, and we just need to be a little more competitive.

Mr. HUTTO. As I understood it from testimony yesterday, I believe the Navy has been a little more vulnerable than the Air Force. Is that correct?

Admiral LYONS. Well, I think that's a fair statement at any time, because really it's only the Navy that experiences the long separations across the board and in an environment which may not be

openly hostile, but certainly when you're far away, floating out there in the North Arabian Sea, there are an awful lot of other places that I think you'd like to be instead.

Some of those 346 ports that we visited last year would be a little more attractive.

Mr. HUTTO. Yes.

Admiral LYONS. I'm still a firm believer, you know. People join the Navy to see the world, and that's still a pretty good selling point.

Mr. HUTTO. I'm sure the secretary's AOCP program is a lot less than a billion, isn't it?

Admiral LYONS. Oh, yes, sir. I think we're talking—and, Gerry, correct me—I think we're talking $36,000, versus almost $1,000,000 to retrain. You know, that's pretty cost effective.

Mr. HUTTO. It certainly is.

What would the aviator's pay be, on the average, with his flight pay?

Admiral LYONS. Well, of course, it would depend on the rank structure and so on.

Mr. HUTTO. Yes.

Admiral LYONS. Do you have those figures handy?

Commodore RIENDEAU. I do not.

Admiral LYONS. We could provide that for the record.

Mr. HUTTO. If you would.

Admiral LYONS. Yes, sir.

[The following information was received for the record:]

O-3 PILOT SALARIES AT SIX YEARS SERVICE

The average annual salary for a married O-3 pilot with six years of service homeported in Norfolk, Virginia is $34,320.60. This amount includes Basic Pay, Basic Allowance for Subsistence (BAS), Basic Allowance for Quarters (BAQ) and the Variable Housing Allowance (VHA) for the Norfolk area. If single, the O-3 pilot's annual salary is $33,074.16, unless he is on extended deployment. In this case, his salary is reduced by $474.40 for each month the deployment extends beyond ninety days because of the loss of BAQ and VHA.

Both pilots would expect to receive an additional $4,800 in ACIP annually. This amount would be reduced by $1,128 (to $3,672) if they elected participation in the AOCP program for the duration of their contractual obligation. For a four or six year contract, the pilot would receive an equal annual installment of $6,000 (less 20% withheld for taxes) in each year of the contract. Neither pilot would normally be receiving any other special or incentive pays.

Mr. HUTTO. Mr. Chairman, do you have some questions now?

Mr. DANIEL. Not at the moment.

Mr. HUTTO. Mr. Whitehurst.

Mr. WHITEHURST. Thank you, Mr. Chairman. I appreciate that.

You're asking for 15,000 more active duty people this year in the 1986 budget. I raised this question with Secretary Korb yesterday, Admiral Lyons. We've laid down, thanks to the very energetic measures by Secretary Lehman, counting ships now in the fleet and those laid down, the 600-ship Navy.

In your testimony earlier this afternoon, you said the ships are all manned, 100 percent ready to go.

Now, this means the 600-ship Navy is going to come about. If you don't get the 15,000-men increase, what's the impact of that going to be?

Admiral LYONS. Well, I may have left out a word. Our deployed ships are fully manned, and the deployed aircraft squadrons are up there also.

Mr. WHITEHURST. I've got you; all right.

Admiral LYONS. Across the board, we're at about 95 percent, just to put it in perspective.

Mr. WHITEHURST. All right.

Admiral LYONS. Right now, we've achieved a very good balance with the sophisticated equipment that we have put into our more modern ships. The Aegis cruiser, that takes a technically trained individual; we put a lot of time and investment into bringing that crew up to the level.

As you recall, last year, before U.S.S *Ticonderoga* went on the deployment, there was some adverse publicity that the ship couldn't perform the way it was supposed.

Mr. WHITEHURST. Yes.

Admiral LYONS. Well, of course, as we proved later on, that was pure nonsense. We took a ship that had not been fully trained and tested, gave it some tests to stress the system and the crew, went ahead and made those necessary corrections in the software, and let the crew complete their training; they went over to stand off the coast of Lebanon and performed brilliantly, came back, did their missile firings, and I think had something like 13 out of 14 hits in a very demanding environment.

What you are going to see is that if we don't get the people that we need, it's going to force an imbalance in the sea/shore rotation. You are going to put on more demands, because the one that we need out there is the highly trained individual. So he again suffers the other additional pressures, and we're going to lose him.

Mr. WHITEHURST. Let me just say, as I said to Secretary Korb, I know you will be going over to the other body and testifying there. I just can't stress how important it is to try to persuade them of this.

I will say to you what I said to him, that generally in the past, when there have been increases asked for in end strength, it's been the House that has been supportive, and the Senate that has not been supportive. It's always been a mystery to me why we have split so decisively on this issue.

The odds are, you're not going to get 15,000 this year, but you might get 10,000 if you make your case well. We shouldn't be carrying the football for you over there. They ought to be coming in just as enthusiastic as we are about it.

Another thing—you indicate the Navy still has a rather substantial backlog of depot maintenance. What would be the effect on that backlog if we closed down one of the naval shipyards and we closed down one of the NARF's?

DEPOSIT MAINTENANCE BACKLOG

Admiral LYONS. Well, you're just going to compound the problem.

In the shipyard, I'm happy to report to the committee, we have one ship in the backlog on our overhaul schedule cycle today. If we

close the Naval Air Rework Facility [NARF] we are just going to tremendously compound the problem that exists today.

The chairman used the figure of $600 million. I think our figure is $450 million.

Please correct that, Gerry, if that's not right.

Commodore RIENDEAU. It's very difficult to give an absolute number, Mr. Whitehurst, but we've looked at it and the savings from shutting down one of those industrial activities is rather minimal. We could provide information on any activity you might want to take a look at.

It's minimal because that workload has to go somewhere else. All you're really saving is your base operating and support costs and your maintenance of real property costs. When you price that out, it's really quite small.

Although it seems like it would really amount to quite a lot of money, but it really doesn't.

Mr. WHITEHURST. It's too bad Mr. Foglietta is not here. He was rather agitated yesterday, having heard the name of his shipyard mentioned as a possibility of being shut down.

While I'm still talking, this leads into my next question which I would like to ask before my 5 minutes is up.

What do you consider the single greatest quality of life problem in the Marine Corps today that has a direct impact on readiness?

QUALITY OF LIFE IMPACT ON READINESS

General CRIST. Sir, I've got to say it's our O&M, because I think that's what we're in. It would be the decline in our maintenance of real property.

Mr. WHITEHURST. OK.

General CRIST. We have let that decline for 2 years. We did that because we had a model which has turned out to be something less than perfect by a long shot, which said that our backlog of maintenance of real property is going to go down.

That wasn't so. The backlog of maintenance of real property in fact went up to $194 million.

Consequently, there's a high probability, at the levels at which we have budgeted ourselves—and we have done this to ourselves—that we're not going to keep pace with our new requirements and, with the backlog, to keep the Marines in their working, living spaces the way we want to do it.

We're getting the military construction money, but once military construction comes in, we have more complicated things.

The barracks—perhaps Congressman Martin remembers—was once an open squad bay with one head. Now we've got air conditioning and we've got more than one head.

So it costs money to keep those things up, and that, I would say, is probably our greatest readiness problem right now. We've got some weaknesses here and there, but that's probably the one that stands out the most.

Mr. WHITEHURST. Well, my time is up, and I yield. Thank you.

Admiral LYONS. Could I add one thing?

Mr. HUTTO. Yes, sir, Admiral.

Admiral LYONS. For Mr. Whitehurst.

You talked to the 15,000 in the active duty strength. I also mentioned the 10,000 Reserves. I want to give equal weight to that, because we are assigning more and more roles to the Reserves, and these are critically important roles.

All our combat search and rescue [SAR], for example, is with the Reserves. All of our cargo handling and logistics people are Reserves. Those are the teams that will offload those maritime preposition ships. They've got to go hand in glove.

We have our helicopter attack squadron that's all Reserves, plus our logistics squadron.

A new concept that we have formulated for the Reserve force in conjunction with the Coast Guard is the maritime defense zone, one off each of our coasts, where we have the Coast Guard commander, the frontier commander, reporting to both Commander in Chief (CINCLANTFLT) fleet and Commander in Chief Pacific (CINCPACFLT) fleet, respectively.

The key ingredients to the effectiveness of these command areas, which extends out to 200 nautical miles, are the Reserves. So they deserve equal weight in the end strength increase, and it's got to be viable.

If we're going to give them the roles and the missions and the tasks to perform, we've got to give them the people to do it with.

Mr. WHITEHURST. I'm glad you mentioned it. I couldn't agree more.

Mr. HUTTO. Mr. Kasich.

Mr. KASICH. I want to compliment both of you gentlemen on a good statement, and I want to tell the general that when I was here about the first week in Congress, we had testimony from Commandant Barrow, and I was so impressed; it carried me for about 2 years.

As you can see, the chairman broke my finger here a couple of days ago when I asked some questions of some folks in the Air Force.

At the risk of having another one broken, I want to ask the admiral to comment, if he would—really, two questions—on this E-6A Program.

I have some things here that indicate that in August 1983, DOD eliminated more than $12 million for E-6A production funds as a part of the 1985 budget.

Cap Weinberger, in the fiscal year 1985 posture statement, says that due to the high cost of E-6A alternatives, including upgrading the EC-130, made sense. When Weinberger presented his revised 1985 budget, he canceled the E-6A. The E-6A will cost us nearly $2 billion, and if we upgrade the EC-130, it will end up costing us about $185 million.

I wanted the admiral to comment on the savings and the effect on national security if we were to upgrade the EC-130 rather than move with the E-6A.

I understand the concern about personnel. Senator Rudman had a statement here not long ago where he said that, of the 1.8 million enlisted men and women on December 31, 1983, 290,000 had their skill listed as "administration" and "clerks." Thus, there are 31,000 more filers and typists than combat troops.

Only 14 percent had their specialty or skill listed as "combat." Of the 1 million civilian DOD employees, 274,000 are working in industrial/commercial functions like laundries, printing plants, and public work centers; and that there are 100 times as many captains in the Navy as there are seaborne commands for captains; and it goes on, and on, and on, and says we could save a big chunk of money.

I guess the question I have is, If you say you need 15,000 with a 600-ship Navy goal, how do we make sure that we get people where they ought to be?

I don't want people to be out there serving; I don't want them sitting behind a desk and have 31,000 more filers and typists than combat troops.

I wonder if you would address both the E-6 question and the question of personnel.

Admiral LYONS. Yes, sir.

I'd like to take your last question first, because——

Mr. KASICH. Let me put my hands in my pockets after I asked that question.

Admiral LYONS. The statement is somewhat misleading, at least the way I would view it. You see, the way I would view it is in terms of the crew of a naval ship. If you look at the complement of a Navy ship, we've got typists; we've got cooks; we've got hospital corpsmen; but those are the same ones that happen to man the weapons systems. Those are the same ones that are manning a lot of the general quarters stations. So, to me, you're getting a bargain. It's not a skill imbalance.

You would double or triple the size of the crew if we used the statistical approach that was in that statement. So I think it sort of misrepresents the facts from that standpoint.

UPGRADING OF THE EC-130 VERSUS E-6A

On the upgrading of the EC-130 versus the E-6A, you have made an accurate representation of what has been going on for the past few years.

Our fleet commanders have supported the E-6A, and I will provide for the record for you the specifics of what you're asking, because it gets very complicated with all of the reordering of the priorities that have gone on. So I would like to make it as accurate for you as possible.

Mr. KASICH. But you, yourself, personally, in your own opinion, your own personal point of view, you can do it without the E-6, with an upgraded 130?

Admiral LYONS. It depends what area of the world you're talking about.

In the Atlantic, in my own personal view, you could structure a force with an upgraded EC-130.

One of the key elements of deterrence here is the degree. You've got to be assured in your own mind.

When you say the upgraded EC-130, we're talking full electromagnetic pulse [EMP] hardening; we're talking the full spectrum of improvements the area coverage and the time on station to ensure the high degree of connectivity that we require.

Now, in the Pacific, I personally believe that you need the E-6A because we're talking about different areas to cover, different availability of airfields, and so on.

So, in my own personal view, I would see a mixed force as probably today the most cost effective in the near term, to satisfy the strategic connectivity coming down the road that we would see as necessary. But I'll provide you a more detailed answer on that.

[The following information was received for the record:]

E-6A

The TACAMO Atlantic mission has been and could continue to be performed using 10 EC-130 aircraft. To provide the same operational flexibility to the TRIDENT fleet, the TACAMO aircraft must fly twice as far in the Pacific as it does in Atlantic when operating from CONUS bases. Utilizing an aircraft with increased speed and range capabilities such as the E-6A requires fewer sorties per day to perform the mission, resulting in lower life-cycle costs.

Using a mixed force, EC-130 in the Atlantic and E-6A in the Pacific, would appear to be cost effective in the near term because of reduced E-6A investment cost. However, these near-term savings are overcome in the long run by the increased costs to operate and maintain two small squadrons of dissimilar aircraft. Contract not-to-exceed (NTE) prices with Boeing are predicated on the current production schedule of 2-4-6-2 beginning in FY-86.

Since the current NTE price with Boeing would be negated, banking on near-term investment savings through a mixed force is risky. Renegotiated NTE prices with Boeing for a reduced E-6A buy might be significantly higher owing to production inefficiencies. Considering the risk, investment cost, life-cycle cost and mission flexibility, the current program to acquire 15 E-6As is the preferred approach to satisfying the TACAMO mission.

Mr. HUTTO. Admiral, in connection with personnel, in our military construction subcommittee the other day, there was a request, I think, for more office space for the Navy, a considerable amount of square footage, and one of the members made the remark that, "I thought we were sending our sailors to sea more."

In view of the fact that you want the ceiling up, do you have any idea what percentage will be going into an office and what into the active fleet?

That just struck me as being of interest.

Admiral LYONS. I'm somewhat at a loss to answer that question, Mr. Hutto, but I'd be glad to look into it.

Mr. HUTTO. OK. Well, that was just a comment that was made.

Admiral LYONS. Commodore Riendeau believes he can shed some light on that.

PERSONNEL REQUIREMENTS

Commodore RIENDEAU. Of the 15,000 end strength, approximately 80 to 85 percent are either going into the fleet units or direct fleet support units.

We are bringing on board several new ships and five new squadrons this year requiring new personnel. Many others are going into the direct support activities such as intermediate maintenance activities, air stations and on the waterfront.

We need to provide you the specifics but you will find, when you see the specifics for the record, that only 1,000 personnel would not be so earmarked. In other words, 14,000 of them would be going into those types of billets.

Mr. HUTTO. OK. Thank you.

Mr. KASICH. If we could get some numbers that indicate, as the admiral said, the number of cooks and barbers, or whatever we have, who actually go and man the training or are spotted to be involved in manning guns.

Mr. HUTTO. Would you like the air schedulers included in that, too?

Mr. KASICH. I don't know how you gather it together; I'd just like to see if these kind of charges which come out of the Senate are true.

Mr. MARTIN. May I add one thing to that and request, before my friend leaves, if you're going to be providing that, we would hope it would be the explanation, so that people would understand what those floating operations work like, and it doesn't work an awful lot like the Senate Office Building, for your own protection.

Mr. HUTTO. All right. Some of that—could you provide for the record the request?

Commodore RIENDEAU. Yes, sir.

Mr. HUTTO. OK.

[The following information was received for the record:]

FLEET/FLEET SUPPORT MANPOWER

All FY-86 growth goes to fill Fleet and Fleet Support requirements. If we defer adding these billets, we decrease readiness in the very near term. Navy's growth in FY-86 is oriented primarily toward operating forces. Modest growth in Auxiliary and Support Defense Planning and Programming Categories has been targeted toward Congressionally-directed medical programs, combat installations, and fleet communications installations. The active manpower supports the increasing demands on the fleet operating forces. While sustaining an adequate balance with readiness-related support functions. Approximately 95 percent of the growth is going to Strategic, Tactical, and Mobility forces. The FY-86 growth provides a baseline from which to reach the manpower requirements for the 600-ship Navy while sustaining an adequate balance with readiness-related support functions.

Mr. HUTTO. Mr. Martin, you may proceed.

Mr. MARTIN. Thank you very much.

I want to thank the admiral and the general. It's a privilege to be here and have you here.

As one of Congressman Daniels' new recruits here on readiness, I find this probably the most important aspect of what we're trying to do, which is, make sure that the things we buy work correctly.

I know we take a lot of our servicemen—the American public does—for granted. Here's one who does not and can shed some light on what it's like 100 days in the Indian Ocean aboard ship.

I do want to point out—I know Colonel Garner might recall this—that it took me just 7 days on the U.S.S. *Holder* to become a Marine. The first time they tied that ship up, I got the hell off and begged to get in the Marine Corps, and I was never sorry. If you spend 100 days out in one of those ships, I'll tell you, you have been somewhere.

One other thing. We were talking about the end strength. I know that the general had his end strength to 199,500. What are the actual figures that you're planning for your end strength? Do you have anything on that?

Admiral LYONS. I think we've got them here.

Commodore RIENDEAU. The 1986 request, is listed. We'll be coming up to 509,698 in the Navy; and in the Marine Corps——

General CRIST. I have 99,500—1,200 increase.

Commodore RIENDEAU. The Marine Corps end strength would be 199,500.

Mr. MARTIN. You said 509,000 Navy enlisted?

Commodore RIENDEAU. 509,698.

Mr. MARTIN. And the officer——

Commodore RIENDEAU. The officer would be 72,077.

Mr. MARTIN. Because I wanted to ask the admiral—and again, we can't pass up referring to the Senator's comments here. I, for one, was fascinated, going aboard the *Ticonderoga*, to find out how few personnel run that ship, and there is obviously conscious effort, I know on surface ships, to try to reduce the manpower. They are down significantly for the same class of ships that were built a few years ago.

The question is this—and a very practical problem—given where we're going with our readiness trends, if it should happen that perhaps the Whitehurst hypothesis of 10,000 increase, or, worse yet, zero, what contingencies are you planning, if any, using ingenuity or whatever, to do the fishes and loaves trick with personnel?

Admiral LYONS. We are reviewing our commitments versus OPTEMPO and presenting the Chief of Naval Operations [CNO] with various proposals on how to get relief from some of the OPTEMPO which would reduce the type of pressures that we are feeling today through some innovations which we are still studying.

Obviously, if we don't get the end strength increase that we've asked for, there is going to be an impact on sea/shore rotation because certain billets will be gapped. That's the way it is.

To make up some of the differences, we're going to have to go to civilian contracting in certain areas where we don't have sufficient expertise on ship. That's where we found ourselves in the 1970's.

Mr. KASICH. But you can only stretch that so far.

Admiral LYONS. You can only go so far, and it's a very expensive way to go. You know, to bring that civilian out, the contract costs you roughly $100,000 a year. It's not a good way to do business, and it does not instill the type of war-fighting readiness that we're trying to build into our ships.

Mr. KASICH. Before the buzzer rings, I just have a couple of questions, General.

When I was out in Okinawa in 1982 with General Godfried, I think Godfried was then in charge of the pre-positioning, and the backloading, and cleaning, and servicing of all the equipment that goes with that function.

Is that all coming out of the Marine Corps' budget, or is that spread servicewide?

General CRIST. Yes. I think you're talking about the near-term pre-positioning of ships at Diego Garcia.

Mr. KASICH. Yes.

General CRIST. We pay for the maintenance of equipment, the off-load of that equipment—it's Marine equipment inside; there are 5 of those 13 ships that have Marine equipment—and the maintenance, replenishment, and turnover.

The Navy pays for the operating costs of those ships. So you're still quite correct. When we bring the maritime pre-positioning ships on—the first one is just about to go to sea, and the next

squadron will go out this year—again, the Marine Corps has paid for the equipment inside the ships and will pay for the maintenance of it and the rotation.

Mr. KASICH. They aren't necessarily people who are going to fall in on the equipment, are they, or are they?

General CRIST. Oh, yes.

Mr. KASICH. All right.

Admiral LYONS. I might just add to that, when I had Task Force 73, all those ships came under my operational control (Opcon), and when we brought out the first one, we weren't sure how well the equipment was going to hold up. The humidification systems that we put into those ships came from the old floating logistics ships that we had during the early 1960's.

We just took those systems off, put them in the maritime pre-positioning ships, and when we first checked that equipment, we found that about 90 percent of it was in topnotch shape.

So the maintenance on it was greatly reduced from what was originally forecast, a very effective way to do business.

Mr. KASICH. Thank you.

I thank the chairman.

Mr. HUTTO. General, I noticed in your chart that the JVX was listed as—what?—MV-11?

General CRIST. MV-22A.

Mr. HUTTO. Oh, MV-22A; OK.

Well, that doesn't mean now that the Marine Corps is going to take sole possession of its modern aircraft?

General CRIST. Well, Mr. Hutto, we would hope not.

Mr. HUTTO. That's just your designation for the Marine Corps participation?

General CRIST. That's right. I'm not an aviator, so I'm talking a little bit out of my bailiwick here.

When you look at the possibility of launching an amphibious assault from Iceland and landing vertically in Norway, you have revolutionized the way we do business, and that machine can do that.

It opens up a whole new area of tactics, doctrine, and technique. How to surprise the enemy using naval projections from the sea, catch him where he isn't and where he doesn't want you to be. That is the kind of a capability the MV-22A provides.

Mr. HUTTO. Good. Thank you.

Did you have a follow-on to that?

Mr. KASICH. Just quickly; it shouldn't take 1 minute. I thought I tried to stay abreast with some of these things.

This aviation logistics support ship, is that being built from the ground up?

General CRIST. These are RO-RO conversions. We have two RO-RO ships—roll on, roll off ships—commercial ships—and we're converting them to put the intermediate maintenance capability for the air combat element of a brigade aboard.

Mr. KASICH. All right. I just didn't know what it looked like. This isn't some converted carrier operation?

General CRIST. No.

Mr. KASICH. You've got to cart it aboard.

General CRIST. The IMA that we either had to carry aboard the ship or get into the objective area. You need room for that, as you

know. You can put it offshore and handle our maintenance and supplies from the ship and get our airplanes in early.

Mr. KASICH. I thank you for the extra time, Mr. Chairman.

Mr. HUTTO. Mr. Sweeney, do you have some questions?

Mr. SWEENEY. Thank you.

General, I was interested to read in a recent copy of the Washingtonian magazine an article that mentioned the number of noteworthy politicians who were ex-marines, from Senator John Glenn, to former Chief of Staff Jim Baker, to now Chief of staff Donald Regan, Bud McFarlane, Jack Brooks from my home State of Texas, et cetera—marines, that is, who have moved now on to the more risky pastime of politics.

Mr. HUTTO. That kind of training is needed, I might add. [Laughter.]

Mr. SWEENEY. In the interests of picking up on the theme there and the slogan I hear so often, "A few good men," let me refer to your statement wherein you indicate that the corps has grown slightly every year since 1981 and now numbers just under 200,000 men.

You also indicate that this year's end strength increase request was limited "in recognition of current fiscal constraints."

How large do you see the corps growing, and aren't you worried that this continued growth will affect your elite image as "a few good men"?

General CRIST. Well, first, Mr. Sweeney, I'd say they're all former marines; there's never an ex-marine.

Mr. SWEENEY. I see.

MARINE CORPS END STRENGTH

General CRIST. Addressing this point, we really haven't gotten to where we want to go. That is, why we're asking for additional end strength.

The cutting edge of the Marine Corps is the Fleet Marine Force. Our goal is to man the Fleet Marine Force at about 90 percent. That's where we'd like to be, and we asked for those end strengths in 1984 and 1985.

In 1984, we were cut 2,300; in 1985, we were reduced 1,200. Consequently we are at less than 90 percent in our manning now. In other words, we've never been able to get the end strength to achieve 90 percent manning of our Fleet Marine Force.

We had originally planned to request an end strength of 201,700 for fiscal year 1985.

The total structure of the Marine Corps—wartime structure—is about 216,000; 90 percent of that puts it just about at 205,000.

We planned to ask for 201,700. However, having been burned now three times, gone to the well and gotten half a bucket, we thought it might be more prudent to request the same-end strength that we asked for last year and didn't get, which is the 199,500.

That will still leave us at only 88.4 percent of our manning of the Fleet Marine Forces, as opposed to the 90.

So we would see, as kind of a final wrap-up to your question, getting up to about 205 is where we think we need to go, about 90 percent of what we need for wartime.

I would add, if I could, there is an obverse to this, it would be the discussion of cutting civilian personnel.

There are 19,000 civilians who work for the Marine Corps; 3,000 of them are Japanese, primarily in Okinawa.

If we cut the civilians, what do I have to do? I do the very thing that we've been trying not to do. That is put Marines back into the civilian jobs. The jobs will not go away. One has to maintain things; one has to collect garbage. You know, life goes on.

Our thrust, of course, is to put marines back into the foxhole. We would like more civilians, either Civil Service or contracting out, so that we can take marines out of the kinds of supporting jobs that they're doing now—messhall and all the rest of it—put them in the rifle units, and put a civilian in those. If you've ever been in a Marine Corps messhall and looked at a Marine Corps messman, there is no more unhappy man in the world.

When you go into Air Forces messes and you see civilians, they're happy; that's job satisfaction; they're doing what they want to do.

I'd like that marine back in the foxhole.

So in answer to the chairman's original question, we need our end strength, and in our think we think rather conservative. But, we would rather not cut civilian personnel, particularly in the areas where they are supporting and where we'd have to put a marine back there if the civilian were cut.

Mr. SWEENEY. But does not, General, achieving the goal of the 600-ship Navy require increases in manpower?

General CRIST. For us; for the Marine Corps?

Mr. SWEENEY. For you, in any way. I understand that your increases are only somewhat continuously related——

General CRIST. Not really. We have no increases for ship detachments. The ships detachments now are relatively limited in the Navy and small.

Mr. SWEENEY. Could I direct that question to Admiral Lyons?

Admiral LYONS. Well, I don't see any need for the increase over and above what the Marine Corps is planning.

The 600-ship Navy has encompassed the planning factors that the Marine Corps has for their Fleet Marine Force, but it certainly does substantiate the need for the Navy end strength to fill those key billets in the expanded Navy, not only in the Active Force but in the Reserve Force as well, because, as you know, we're putting first-line ships/aircraft into the Reserve Force in addition, and, as I mentioned earlier, we are giving some priority tasks to the Reserves which have to be met, because they are key elements in the total force equation.

Mr. HUTTO. The gentleman's time has expired.

Admiral Lyons, General Crist, Commodore Riendeau, we thank you very much for being with us.

Mr. Chairman, do you have any final comments?

Mr. DANIEL. No final questions.

We do appreciate your coming. I think it's been an excellent hearing. We're deeply grateful to you for your input.

Mr. HUTTO. It certainly has. We appreciate it very much, and we'll try to do our best for you.

Admiral LYONS. Well, thank you very much for your continued support.

General CRIST. Thank you.

Mr. HUTTO. We will have some questions to present to you, if you would send the answers to us.

Admiral LYONS. Yes, sir.

Mr. HUTTO. Thank you.

[The following questions were submitted to the witnesses to be answered for the record:]

Question: On page 7 of your prepared statement, you have a chart showing a funding profile for Fleet Marine Force support from fiscal year 1981 through fiscal year 1986. What is the reason for the $10 million decline in this year's request?

Answer: Funding for administration, operations and training for the Fleet Marine Forces has declined $3.3 million since fiscal year 1985. This decline is primarily attributable to downward price changes in the stock fund. If I discount the stock fund changes, there would be a net increase of $5.6 million associated with additional Maritime Prepositioning Ships exercises. Although we were able to accommodate these new exercises, we were not able to include all the additional training initiatives requested by the field, such as the $19.5 million for MAB-level Combined Arms Exercises by FMFLANT and $3.6 million for full funding of MPS and JCS-directed exercises.

Question: On page 9 of your prepared statement, you indicate that the Marine Corps most realistic training takes place at the Marine Corps Air Ground Combat Center at Twentynine Palms, CA. How does this training compare with that conducted at the Army's National Training Center?

Answer: The capability to effectively employ the Marine Corps Air-Ground Team in combat requires realistic training in the integration of all supporting arms. To this end, the Marine Corps Air Ground Combat Center (MCAGCC), Twentynine Palms, California, was established in October 1975 with the mission of conducting air-ground combat training in order to exercise and evaluate the combined arms capabilities and readiness of all elements of Marine Air-Ground task forces.

A series of exercises designated "Combined Arms Exercises" have been developed to specifically support the accomplishment of the combat center's mission. The standard scenario presupposes an enemy equipped with current Soviet weapons and employing Soviet doctrine. Although the sequence and circumstances vary, standard events for a combined arms exercise include: (1) at least two command post displacements; (2) at least three attacks on objectives requiring complete combined arms fire support; (3) a night helicopter-borne assault of company size; (4) and development of barrier and defensive fire plans within a simulated enemy electronic warfare environment.

Approximately 10 battalion-size or larger units deploy to 29 Palms each year for combined arms exercises. The harshness and expansiveness of the Mojave Desert provide the challenge and maneuver area to permit full integration of live ordnance into the exercise.

An expeditionary airfield capable of handling C-5 and C-141 aircraft began operating in August 1976. To increase the opportunity for Joint Airborne/Air Transportability training in conjunction with combined arms exercises, this assault landing zone was certified for operation in July 1980.

Refinement of the training program to enhance the training capability of this unique facility is continuous. The introduction of a Company fire and maneuver range in 1979 expands training opportunities. Lessons learned from the combined arms exercises are regularly incorporated into the latest development in doctrine, tactics and equipment.

In 1984, the decision was made to expand the scope of these exercises. Accordingly, in fiscal year 1985, selected exercises at Twentynine Palms will be increased to include Marine Amphibious Brigade-level participation. These MAB-level exercises will provide

the opportunity to fully train and evaluate the fire support coordination mechanisms inherent in higher level headquarters operations. They will also more realistically reflect the manner in which Marines will be deployed to combat.

In contrast, the training at the Army's National Training Center (NTC) at Ft. Irwin, CA is also a two week evolution but differs somewhat in its purpose and aims. The training includes both a live fire exercise and force-on-force engagement simulation training. All of this training is conducted at the battalion or brigade level. The two-day live exercise at NTC is the training which corresponds most closely to that at MCAGCC. While the NTC exercise provides a degree of target instrumentation not present at MCAGCC, the Marine CAX as previously indicated incorporates a great array of air/ground weapons and command and control functions which are indicative of the differences in organizations between Army and Marine Corps units. The force-on-force exercises conducted at NTC are not supportable at MCAGCC from a fiscal and manpower perspective.

Question: What is the reason for the decline in Marine Amphibious Unit and Brigade Exercises in fiscal year 1986?

Answer: USMC participation in exercises since fiscal year 1983 has declined for several reasons. Exercises which were redundant in scope were eliminated. The scope and length of many exercises have been expanded, thereby eliminating many of the smaller exercises that were previously required. This expanded scope provides for increased USMC participation in selected exercises, such as a MAB-size CAX versus the normal BLT-size CAX. In addition a number of MAU-size exercises have been upgraded to MAB-size exercises. Another reason for the reduction, particularly during fiscal year 1984, is the result of real-world contingencies, such as Beirut and Grenada, when a number of MAU-level exercises were cancelled in the Mediterranean.

Question: On page 15 of your prepared statement, you mention that Marine Corps pilot attrition has declined in recent years from over 14% to 6.5%. In view of the recent problems with Air Force and Navy retention, how do you account for the Marine Corps greater success?

Answer: I cannot speak to the Navy's or the Air Force's retention problem. As for Marine aviators, our attrition rate was 14% in 1979. It is now 6.5%. What has happened in those intervening years to decrease the attrition? Three things: modernization, stabilization of tours and deployments, and greater attention to the family. The Marine Corps has introduced the AV-8B, the F/A-18, the CH-53E and upgraded the AH-1T. The individual aviator is excited by the challenge of increasing his skills and capabilities with new and more capable weapons systems. Like all of us, he is a professional, and professionals respond to the opportunity to train, to be assigned meaningful tasks, and to execute their specialized skills. The 6-month unit deployment program and stabilized tours for aviators have also contributed to retention. They know, and their families know, the length of separation, and they can plan accordingly. The Marine Air Wings have instituted an aggressive program of family support and attention to those who remain home while their husbands are deployed. This has eased the hardship of separation. The aviator deployed overseas is much more reassured when he knows that his family is not alone and someone cares. Retention of any skill is a process to be nurtured. Aviators are no exception. We believe the key to retention is challenge, training, predictability in assignments, and personal attention to the family.

Question: On page 18 of your statement, you indicate that the Marine Corps material Readiness Rating or the percent of equipment that is combat ready was 90.7% in 1984. In open session can you tell us what it is now? And if it isn't as high as you would like, how do you reconcile that with a further indication in your statement that equipment maintenance funding in fiscal year 1986 is down from fiscal year 1985?

Answer: The Marine Corps Readiness Rating was at 91.9% as of February of this year. The chart on page 18 for equipment maintenance funding includes the funding provided directly to the operating forces for equipment maintenance as well as to depot-level maintenance. The increased funding for depot-level maintenance in fiscal year 1986 is offset by the elimination of funding for the maintenance of the equipment aboard MTPF, which will be relieved by the second MPS squadron in 1986, and by reduced prices in fiscal year 1986 for announced stock and individual fund rate reductions for 1986. These reductions do not impact on the equipment readiness rates.

Question: The statement indicates a decline in real property maintenance funding in fiscal years 1985 and 1986. What is the reason for this decline, and what impact will it have on efforts to reduce the backlog of real property maintenance toward Congressional containment levels?

Answer: To be quite candid the Marine Corps did not budget sufficient funds to meet recurring demands while at the same time reducing the backlog in maintenance of real property to an acceptable level. We did not budget enough funds because we did not predict our needs accurately. We thought last year we could safely program funds to other essential O&M areas, and still continue to make reasonable progress in improving the condition of our installations. This reduction was a result of a deliberate decision, based on a model prediction, that the lower levels of funding would permit us to meet annual new work requirements while reducing our backlog of old work. The model was obviously wrong. In fiscal year 1984 our new requirements for maintenance and repair work, as well as for minor construction projects, turned out to be significantly higher than we had anticipated. Consequently, instead of BMAR going down to $174 Million as forecast, it increased to $194 Million.

While BMAR is one indicator of the condition of our bases, its measurement is obviously inexact and must be considered with other indicators. Perhaps the best indicator of the condition of our bases is personal observation. I have seen great improvements which the BMAR levels do not reflect.

It is clear to me that the current method of displaying BMAR does not accurately portray the progress made in reducing BMAR, nor correctly predict the relationship between BMAR and the funds expended for maintenance and repair.

For example, BMAR in fiscal year 1978 was $106 Million; the congressionally mandated containment level. If one takes into account both inflation and plant growth since 1978, then, at least in theory, the BMAR level would have grown from $106 Million to $245 Million; assuming no funds were applied against the backlog. Our reported BMAR at the end of fiscal year 1985 was, however, $194 Million.

The Marine Corps is pursuing the development of a new methodology which will take into account, funds expended for maintenance and repair, growth in plant value, inflation, and backlog. We also need to consider annual recurring new requirements. This would permit us

to assess the effect of alternative funding strategies on future BMAR levels. The goal would be to establish dynamic backlog containment levels which would realistically relate to plant growth and inflation. We should also consider real property funding guidelines. A good example is the OSD concept which calls for at least three percent real growth, each year, in real property maintenance funding to account for increase size, age, and sophistication of our physical plant. In the interim, it is obvious, unfortunately, that with the MRP funds that we have budgeted in fiscal year 1985 and fiscal year 1986, there is a high probability that the upward trend in our backlog will continue.

Question: On page 19 of your prepared statement, you indicate that increased materiel readiness over the past several years is tied to significantly increased funding levels, and that this trend will have to continue into the future. How much additional funding has been programmed through the current five year plan for this purpose?

Answer: The additional equipment procured as a result of the Marine Corps modernization program will require increased funding to maintain present levels of equipment readiness. In order to maintain a zero-backlog of depot-level maintenance and to begin the rebuild of the LVT7A1, as well as the initial depot-level repair of the Light Armored Vehicle (LAV) and 900-series 5-ton trucks, will require an average annual funding increase of approximately 16 percent. This includes funding provided directly to the operating forces for equipment maintenance. These funding levels are reflected in the current five year plan. In addition, funding has also been identified and planned for the maintenance of equipment aboard the Maritime Prepositioning Ships and for the surge maintenance efforts of the biennial maintenance off-loads. These biennial maintenance requirements are necessary to assure the materiel readiness of the embarked prepositioned supplies and equipment.

Question: What is the current status of the Norway Prepositioning Program, and how does it enhance allied operational capabilities in the region?

Answer: The prepositioning program in Norway continues on track. The Marine Corps requirements are fully programmed through fiscal year 1989. The fiscal year 1986 request will provide for approximately 46 percent of the total requirement.

Procurements and deliveries continue to proceed smoothly with POL, ammunition, five-ton trucks, M198 155 howitzers, heavy engineer equipment, and aviation ground support equipment currently in temporary storage facilities provided by the Norwegians. Deliveries in 1985 will include additional heavy engineer equipment and more aviation ground support equipment.

The first exercise which tested withdrawal of prepositioned equipment and host nation support responsibilities was TEAMWORK 84, during March, 1985. This exercise was a resounding success. This month, Exercise COLD WINTER 85 will expand the scope of last year's exercise by withdrawing and exercising additional equipment, including the live-firing of all prepositioned howitzers. The contribution of Norway to this program is significant, and it remains one of their top defense priorities. Norway provides the maintenance and security for the propositioned equipment, as well as the redeployment means from the storage sites to areas of designated employment. Further, approximately 371 vehicles (trucks, ambulances, refuelers, oversnow vehicles and engineer equipment with drivers and maintenance) are

provided by Norway in a unique host nation support unit for the direct support of the MAB.

Approximately $67 million in NATO infrastructure funds for the construction of permanent storage facilities and reception airfield enhancements were approved on 19 February 1985. Construction should begin in the Fall of 1985 with phased construction to be completed by the end of Calendar Year 1989.

As a strategic mobility enhancement, Marine Corps prepositioning in Norway expands the strategic options available to the National Command Authorities for the rapid enforcement of NATO. This program will provide a credible, self-sustainable force capable of executing current plans with minimal reliance on existing strategic airlift.

The Marine Corps Air Ground Task Force is specifically structured for the mission in light of the threat and the environment. It is under the control of a single commander and consists of approximately 13,000 Marines and Sailors, 155 aircraft, 30 days of supplies and a combat service support element able to provide the total range of logistics support. The aviation element also has a self-contained air command and control system.

The Norwegian government has stated that this program is its top defense priority and is prepositioning for a brigade of its own in the Marine Amphibious Brigade employment area.

Question: Your chart on page 28 of your prepared statement shows that the Marine Corps has a ways to go in filling its requirements for ammunition and principal end items of equipment. How much better are things today than in fiscal year 1981 on those areas?

Answer: The attainment rate will increase from less than 20% in fiscal year 1981 to 43% in fiscal year 1986 with a projected attainment of 93% in fiscal year 1990. Because of the significant improvement in funding the acquisition of principal end items has shown marked improvement. The attainment rate will increase from less than 55% in fiscal year 1981 to 78% in fiscal year 1986, with a projected attainment rate of 97% in fiscal year 1990.

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Question: On page 37 of your prepared statement, you say that "Force Commanders continually report nuclear, biological, and chemical supplies and equipment as their most significant equipment deficiency". What is being done to address this problem, and what kinds of research and development work has to be done to provide adequate protection against the growing NBC threat?

Answer: Deficiencies in NBC supplies and equipment fall in two categories: current inventory and required capabilities.

Currently, operating forces are deficient in the chemical protective overgarment. Assets on-hand represent only one third of that required. Testing of a new suit will be complete this month with a

planned delivery to the field during fiscal year 1986.

There is a complete deficiency of nerve agent antidote that will be provided during fiscal year 1985.

The fiscal year 1986 PMC budget contains funds for systems to protect LAV and amphibious assault vehicle crew members as well as embarked Marines. The British ventilated face- piece for airmen is also being procured. A lightweight decontamination system is being evaluated and if it proves to be effective would be procured next year.

Progress towards satisfying our required capabilities is dependent on successful completion of present research and development.

Improvements in collective protection to include body cooling systems are under development. Shelters to enable Marines to rest and eat in a contaminated environment have been fabricated and are under evaluation. Entrance systems for rapid ingress/egress to enable wounded to enter medical facilities are under design. An enhanced overgarment is under development which would reduce the heat stress and general performance degradation. Detectors capable of responding to nerve, blister, blood, and choking agents are being developed. Antidotes with a multi-agent capability are being developed and will be fielded as they become approved for service use.

The Army is the overall executive agent and is responsible for most R&D efforts. Specifically, the Army's efforts provide for infantry and vehicle crew protection. Marine Corps requirements are included. The Air Force has the lead in providing for fixed wing aircraft crewmen. However, the Navy provides the Marine Corps with essential equipment for aircraft survivability to include chemical protective equipment.

Question: On page 40 of your prepared statement you indicate that existing Marine engineer equipment is antiquated and that the success of combat operations often depends on such items. Could you expand on that statement with some specific examples and what is being done to correct this problem?

Answer: Much of the engineering equipment in the Marine Corps has gone beyond its useful service life and in many cases has not kept pace with the state of the art and modern technology. For example, we currently use bulldozers and scoop loaders to dig in our artillery and tanks. The earthmoving equipment cannot keep pace with the more modern mechanized equipment, and it does not provide crew protection for the operator. The Marine Corps is presently deficient in its ability to breach, mark and clear minefields or cross tactically significant man-made or natural gaps under fire. Hand held mine detectors and technology used in the 1960's remain our only explosive obstacle detection means. Rivers are crossed with a rubber pontoon bridge that has been in the inventory since the 1950's.

Our fiscal year 1986 request for $185.5 million in budget activity 6 includes such items as the three-shot minefield system clearance kit for the LVTP7, the Mobile Electric Power Distribution System, bath and laundry units, Medium Girder Bridges, Reverse Osmosis Water Purification Units, scrapers, helicopter transportable tractors and Small Emplacement Excavators. When fielded, these equipments will offer significant capability enhancement.

We also see technological advances in other areas that require more modern materiel handling equipment. Supplies and ammunition are now shipped and packed in containers. Increased logistic throughput

is required to sustain the rapid rates of fire brought about by newer weapons systems. New larger capacity forklift trucks, rough terrain container handlers and cranes have been programmed to support these changes. Our capabilities deficiencies are being addressed in the research and development program. Specifically we have an active mobility and countermobility effort underway. During the next five years we are considering new procurement initiatives for such items as the Ribbon Bridge, Cleared Land Marking System, Portable Mine Neutralization System, towed assault bridges, Vehicle Mounted Magnetic Signature Duplicators for breaching minefields and the Conventional Minelaying System.

Additionally, the Marine Corps is monitoring the U.S. Army's developmental efforts for engineer items of equipment such as the Armored Combat Excavator, Counter Obstacle Vehicle, the Extended Boom Forklift, and Straddle Lift Container Handler, to name but a few.

Question: In the prepared statement, you say that readiness indicators are up across the board, with few exceptions. Would you briefly cover those exceptions and what the outlook is for their correction in the current five year plan?

Answer: While most indicators are up across the board, a few are down. Funding for administration, operations and training for the Fleet Marine Forces has declined $3.4 million since fiscal year 1985. This decline is primarily attributable to downward price changes in the stock fund. If I discount the Stock Fund changes, there would be a net increase of $5.6 million associated with additional Maritime Prepositioning Ships exercises. Although we were able to accommodate these new exercises, we were not able to include all the additional training initiatives requested by the field.

Field training exercises declined in the aggregate from fiscal year 1984. There are several reasons for this. The scope and length of exercises have been expanded, thereby eliminating many of the smaller exercises previously required. In addition, a number of smaller exercises have been upgraded. Also, real world contingencies forced the cancellation of some exercises. We anticipate the number of exercises to increase in fiscal year 1986.

Equipment maintenance funding has declined slightly, primarily due to price changes and naval audit service audit report savings. None of the aforementioned exceptions pose a real concern for us in our five year plan.

The Marine Corps has not achieved the desired downward BMAR trend. In fact our BMAR increased to $194 million at the end of fiscal year 1984. Unfortunately, with the MRP funds that we have

Question: On page 50 of your prepared statement you say that manning has not been able to keep up with programmed increases in force structure, equipment, and procurement in recent years and is not expected to improve in fiscal year 1986. Given the budget climate that currently exists and the increasing difficulty in getting quality accessions in the coming years, why is the Marine Corps not looking at a force structure that is consistent with these trends?

Answer: We constantly review our missions, making appropriate changes consistent with our role as the Nation's Force-in-Readiness. These reviews serve as the basis for force structure decisions. Once force structure decisions are made, and after consideration of internal manning goals and fiscal resources, manning requirements are determined. The Marine Corps has been following a long-term, well-

announced, conservative, and deliberate pattern of manning growth to support force structure requirements which are outgrowths of essential modernization efforts. For the most part, manning is scheduled to support new equipment and systems already in the procurement pipeline. This year, because of fiscal constraints, we are asking for growth to reach the 199,500 level originally requested for fiscal year 1985. This decision will result in lower manning of the force; a situation made acceptable today only because of the level of quality we are able to recruit and retain.

READINESS FUNDING

Chairman Daniel: On page 3 of your prepared statement, you say that the Navy has devoted approximately 54% of its total obligational authority in last year's budget to readiness accounts. What precisely are you speaking of when you refer to "readiness accounts" and would you provide the subcommittee with a breakout of these accounts across the major budget appropriation categories? Would you also provide a similar breakout for the fiscal year 1986 request?

Admiral Lyons: As a way of assessing program balance, we have defined "four pillars" that support military strength: readiness, sustainability, modernization, and force structure. These "pillars" give us a way of assessing in very general terms funding trends and their effect on program balance.

The four pillars are only one of several ways we cut the Navy "pie"; each way provides an insight into the use of our resources. The use of the "four pillars" allows us to examine that balance between what we're spending on present capabilities (readiness and sustainability) versus what we're spending on future capabilities (modernization and force structure).

Readiness funding comprises what is required to operate and maintain the fleet on a day-to-day basis, including such items as money for ship and aircraft fuel, salaries for our people in the fleet and supporting shore establishment, maintenance and repair of our ships and aircraft, and training and support. Funds for these activities are included in virtually every appropriation. A breakdown of FY 1985 and FY 1986 readiness by title is provided below.

(In Billions of Dollars)

Title	FY 85	FY 86
Military Personnel	15.8	16.9
Operation and Maintenance	23.5	23.7
Stock Funds	.4	.5
Procurement	6.6	7.4
MILCON & Family Housing	1.5	1.8
	47.8	50.3

MANPOWER VS. FORCE STRUCTURE

QUESTION: On page 4 of your prepared statement you express concern over the fact that Navy Active Manpower has not kept pace with increases in force structure as the Navy expands towards its goal of a 600-ship Navy. You further state that this increase in military end strength was implicit in hardware procurement decisions. Budget realities being what they are in a period of increasing fiscal austerity, one of the few controllable areas of the Navy budget is military end strength increases. If these realities continue to constrain efforts to increase Navy end

strength, what options do you have to alleviate the impact of these decisions?

Admiral Lyons: Options are severely limited. We cannot turn our back on hardware commitments. In the recent past our only other option was reduced manning of ships, with associated deleterious effects. As CNO said in his posture statement, ". . . just five years ago . . . some of our ships were unable to get underway. The problem was not lack of fuel, lack of ammunition, or lack of equipment. The problem was a lack of people."

Navy faces significant difficulties in properly manning shore activities to support the operating force; consequently, sea-intensive ratings are forced to stay at sea longer. Reductions in the FY 1985 personnel request aggravated this problem. If the trend established by Congressionally-mandated strength constraints from FY 1983 through 1985 continues in FY 1986 and beyond, the Navy will be 15,000 people below programmed manning objective in FY 1990, creating a critical inventory shortfall and robbing us of the base from which to promote required numbers of petty officers. This inevitably will cause serious readiness degradations much as we faced in the 1970s. Because inadequate manning has a devastating impact on the readiness of ships and squadrons, Navy has absorbed strength cuts by substantially restricting fleet support growth. Although successful recruiting and retention has helped to increase readiness during this period, we cannot continue to degrade the maintenance, training, medical and logistics support that operating units require to accomplish their missions.

Navy's end strength program reflects the minimum required levels of manpower to accomplish our missions in support of the current National Strategy. Recognizing the need for constrained manpower growth in light of the current budget environment, Navy has unilaterally initiated a number of steps to reduce our active duty requirement to an absolute minimum. Subsequent to the submission of the FY 1985 budget, Navy undertook an ambitious program to identify numerous functions for transfer to the Reserves, civilianization, or contracting out. The net result of these actions is evident in the fact that our current FY 1986 budget request is 9,300 BELOW the level estimated in the FY 1985 budget. However, that bone is now bare.

MANPOWER VS. FORCE STRUCTURE

Further constraints on Navy's active duty manpower WILL adversely impact force readiness directly through lower manning levels in ships and squadrons. Each one percent decrease in manning historically results in a three percent decrease in units reporting combat ready. Navy's support and maintenance functions are already manned at critical levels due to constraints in previous years, and any future adjustments must be taken directly in operating forces if there is to be any attempt at maintaining a balanced force. The criticality of the situation then becomes apparent when one considers the proven historical correlation between ship and squadron manning levels and unit readiness. In addition to the immediate effect on readiness levels, the impact of reductions in the near term is greatly magnified in the outyears. FY 1986 accessions will become the Navy's petty officer base for FY 1990. It takes about five years to produce

an experienced, trained petty officer and any delays in growth are unacceptable as they would prohibit the development of this vital component of Navy's structure in time.

AIRCRAFT REWORK BACKLOG

Chairman Daniel: Admiral Lyons, on page 6 of your prepared statement, you indicate that increased Navy aircraft mission capable rates are largely the result of increased funding for component and engine rework. What impact will the Navy's projected fiscal year 1986 aircraft rework backlog of $257 million have on mission capable rates?

Admiral Lyons: In the aggregate, we expect gains to MC and FMC to continue. Mission capable rates are most highly correlated with funding for components. As a result of the aviation depot level repair (AVDLR) initiative, component repair is fully funded with the exception of funding for contractor repair of components on new aircraft which are not yet supported in the Navy supply system. While a backlog is projected to exist in that area, precise requirements are difficult to project on new aircraft where there is relatively little operational experience. To the extent component repair of repairables (ROR) requirements prove valid, we will suffer a degradation in MC for certain aircraft such as the F/A-18, SH-60B, AV-8B or we will have to reprogram dollars into this area.

FLIGHT CREW RETENTION

Question: On Page 7 of your prepared statement you express concern over the recent decline in flight crew retention rates. What is the cause of this decline and what is being done to address it?

Admiral Lyons: The cause of the decline in pilot retention is a much improved economy with a high demand for the military pilot by the airline industry. Unique to the naval service, however, is the extensive family separation occasioned by arduous deployments and high operational tempo, thus increasing the draw of the civilian sector. In addressing the problem, the Secretary of the Navy recently implemented a lump sum payment alternative for certain pilots in the Aviation Officer Continuation Pay (AOCP) eligibility group. Additionally, we have submitted several legislative changes to the FY-86 AOCP program designed to enhance its attractiveness and restore the drawing power of this highly successful bonus. These changes include increasing the value of a six-year contract from $6,000 to $8,000 per year, elimination of the Aviation Career Incentive Pay (ACIP) reducton and Hazardous Duty Incentive Pay (HDIP) restriction while under the bonus, and increasing the eligibility window for a six-year contract by one year. The AOCP program will remain the cornerstone of our efforts to retain experienced pilots, since we are forced to compete in the market place for these highly trained and talented officers.

AMMUNITION AND SPARE PART STOCKAGE LEVELS

Chairman Daniel: On page 7 of your prepared statement you indicated that although stockage levels for munitions and spare parts have increased, shortages remain. Could you give some specific examples of the remaining shortages. Also, what impact will a freeze on Navy procurement funding have on efforts to correct these deficiencies?

Admiral Lyons: For munitions, there have been impressive improvements in sustainability; however, shortages remain for newer modern munitions. Specific examples of FY 86 funded delivery period (FDP) shortages vs. Department of Defense objectives are:

Percent Short of Objective

[redacted]

For Navy shipboard spare parts shortages are minimal and are not the result of insufficient funding, but rather from accelerating deployment of advanced systems such as PHALANX (Close-in-Weapons Systems) and the AN/SLQ-32 (electronic warfare countermeasure system). These are examples of conscious Navy decisions, in response to specific threat situations, to install and deploy systems ahead of originally planned timeframes.

Acceleration of equipment installation schedules requires close management of on-hand and delivering stocks to ensure they are matched against the highest priority requirement. Over time, these shortages are expected to be alleviated.

A freeze on munitions procurements at a fiscal year 1985 level would deny essential funding for new munitions and have a debilitating effect on wartime sustainability. Spare parts requirements are executed in conjunction with the associated end-item. Should procurement funding for end-items be reduced, associated spares would also be reduced. [redacted]

REDUCTION IN CIVILIAN PERSONNEL

Chairman Daniel: One of the initiatives being discussed to reduce Defense costs is a 5 percent pay cut in civilian personnel in FY 1986. What impact would such a reduction have on Navy readiness?

Admiral Lyons: The Navy supports the Administration's proposed 5 percent reduction in civilian pay and will carefully monitor the effects such a pay cut will have on our ability to attract and retain people with the required skills, occupations, and experience.

RECRUITING AND ADVERTISING FUNDING

QUESTION: In view of the success of the Navy's recent recruiting and retention efforts and the likelihood that Congress is not going to approve the Navy's entire end strength increase isn't it possible to cut the funding growth in the Recruiting and Advertising request for Fiscal Year 1986?

Admiral Lyons: A major portion of Fiscal Year 1986 Recruiting and Advertising program growth is attributable to Navy's attempts to counteract specific negative trends seen in the recruiting market. During late FY 1984, and now in FY 1985, Navy experienced a significant downturn in recruiting contract production, both in quantity and quality. Specifically, we saw unemployment rates declining, Navy specific advertising awareness falling steadily, propensity to enlist in a military service decreasing, and increasing competition in the constrained recruiting market environment. Nonprior-service male new-contract High School Diploma Graduate (HSDG) production fell approximately two percentage points, Upper Mental Group quality production also declined by eight percentage points, and quantity in the Delayed Entry Program (DEP) dropped by over 4000 recruits in FY 1984. In an effort to counteract these trends, Navy increased recruiter strength by 350 personnel to penetrate the high quality market, and to make up deficits experienced in the FY 1984 DEP posture. Advertising dollars were added to stem the steep decline in Navy awareness. These additions should generate increased numbers of leads for follow-up by Navy recruiters.

If Navy is not authorized the full end strength request in FY 1986, a small portion of recruiting resource funding could be subject to reductions. When a specific end strength authorization is set, Navy can rebuild the Recruiting and Advertising Budget to reflect the new end strength authorization. In rebuilding the budget, Navy must consider several factors:

- Quantity of accessions required to meet authorized end strengths.
- Quality of accessions necessary to satisfy training requirements in what is a more technical sea-intensive, mission-critical force structure.
- Recruiting environment projections including unemployment rates, relative military compensation, advertising awareness, propensity to enlist in the military service, and the available youth market.
- Delayed Entry Program posture and program corrections required.

The philosophy behind the current FY 1986 Recruiting and Advertising budget was to achieve the end strength growth requirement, correct adverse recruiting marketing trends, improve the DEP posture, and achieve the Navy's minimum quality requirements of 80 percent HSDG, 60 percent Upper Mental Group, and attainment of no more than 12 percent Mental Group IV's. The FY 1986 recruiting resource program will achieve these objectives. Authorization of the recruiting funds request is necessary to execute this "balanced" recruiting program, which is the foundation of growing the future Navy manpower program.

RECRUITING STANDARDS

QUESTION: In view of the increasing difficulty the Navy will experience in competing for quality recruits and the high incremental costs to maintain existing quality standards in this more competitive market, is the Navy examining the possibility of lowering its quality standards to man the fleet?

Admiral Lyons: The Navy recently completed a congressionally-requested study on the "Quality of Navy Enlisted Personnel". In the study, Navy outlined the quality found in the current enlisted force

structure, quality necessary in future accessions to meet the programmed force structure, and finally the retention and compensation initiatives required to sustain the enlisted personnel force structure. The minimum recruiting quality profile for Navy accessions over the next five years is:

- 80 percent High School Diploma Graduate (HSDG)
- 60.2 percent Mental Group I-IIIA
- 12 percent Mental Group IV Cap

The quality standards for Navy are set to achieve the "survivability" and "trainability" requirements. "Survivability" relates specifically to educational level achievement. Navy has found recruits who possess High School Diplomas survive to the end of their first obligated service contract more than 78 percent of the time, whereas recruits without diplomas survive at a rate of 51 percent. Curves, which predict recruit "survivability" until first term reenlistment decision point, were built. This data is used to determine accessions required to ensure sufficient numbers reach first-term reenlistment decision point where reenlistment initiatives take effect. HSDG quality standards are set to support these "survivability" requirements.

The programmed force structure also requires recruiting quality standards to meet the "trainability" needs. Navy requires each recruit who attends a Navy "A" School (initial skill training) to have a specific "composite entry score" prior to assignment. Composite entry scores are developed, for each school, based on historic completion rates and academic performance. The composite scores are set to provide adequate school throughput and assure initial training skill requirements are met to man the programmed force structure. The relationship between composite entry scores, which are composed of various subtests from the Armed Services Vocational Aptitude Battery (ASVAB) and the Armed Forces Qualification Test (AFQT) percentile, is found. Goaling field recruiters for Mental Group quality (or AFQT attainment) is a means to target recruiters into the most productive recruiting markets, assuring Navy's "trainability" requirements are met.

Navy has been fortunate, in the last two years, to achieve quality well above our requirements. We have always programmed for minimum quality requirements, but in the 1983 and early 1984 economic environment we were able to achieve quality above the minimum stated requirements. Our FY 1986 Recruiting and Advertising Budget continues to reflect this budgeting philosophy of programming to minimum quality.

NAVY AIRCRAFT MISSION CAPABLE RATES

Chairman Daniel: Page 17 of this year's Force Readiness Report indicates that Navy aircraft mission capable rates actually exceeded projections by three percent (67% to 70%) due to improved supply and maintenance support. Could you elaborate on this development and can we expect similar improvements in Fiscal Year 1986?

Admiral Lyons: Navy Aircraft Mission Capable (MC)/Full Mission Capable (FMC) rate projections are developed through use of the Naval Aviation Mission Capability Model. The model considers the effects of major MC/FMC drivers (spares/engines rework/component repair funding) on primary aircraft inventory (PAI).

FY 1984 MC projections published in the FY 1985 Force Readiness Report were 2.5% lower than the actual FY 1984

rate. The low projection was not the result of inaccuracies in the model but, rather, a PAI prediction in excess of actual PAI observed at the end of FY 1984. The net effect of less PAI aircraft was improved maintenance/supply support for the "active" force and higher than expected MC/FMC. Observed fiscal year-to-date MC/FMC rates are consistent with FY 1986 Force Readiness Report projections.

READINESS REWORK BACKLOG

Chairman Daniel: Admiral Lyons, this year's force readiness report indicate that Navy aircraft full mission capable rates, mission capable rates, and primary mission requirement levels will continue. If this is possible with a aviation rework backlog of over $250 million, how much more can that backlog grow before it will have a negative impact on Navy aviation readiness?

Admiral Lyons: The prediction that appears in this year's force readiness report is based on one of our mathematical models that relates resources to readiness. The model, which has an excellent track record, is operating in an area of uncertainty since we are just now transitioning to the stock funding of aviation depot level repairables.

We have taken great pains to minimize the impact of the $250 million backlog. We have 'spread the hurt" when allowed, to present a balanced budget.

[Whereupon, at 4:05 p.m., the subcommittee was adjourned.]

ARMY OPERATION AND MAINTENANCE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Thursday, March 14, 1985.

The subcommittee met, pursuant to call, at 2 p.m., in room 2337, Longworth House Office Building, Hon. Dan Daniel (chairman of the subcommittee) presiding.

STATEMENT OF HON. DAN DANIEL, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. DANIEL. The subcommittee will be in order.

Today the subcommittee resumes its consideration of the fiscal year 1986 defense operation and maintenance request with testimony from Army witnesses. On behalf of my colleagues, I would like to extend a warm welcome to Lt. Gen. Max W. Noah, Comptroller of the Army—and also his wife, whom we are very happy to have with us—who is making his first appearance before the subcommittee.

General Noah, you have some pretty big shoes to fill but I feel certain that it won't take you long to grow into them. I say this because you have already demonstrated your ability to follow a class act. In my book, anyone who can distinguish himself as General Roddy's successor at PA&E, has what it takes to live up to General Peixotto's example as a dedicated and effective proponent for Army O&M. We look forward to working with you.

Before I recognize Mr. Whitehurst for his remarks, I would like to comment briefly on the Army O&M request and the funding projections in the current 5-year plan.

I would like to begin by saying that, after going over the Army request, I basically like what I see. As General Mahaffey testified last week, Army readiness is up and this O&M request will make it even better. Flying hours will increase, equipment availability will improve, and the quality and realism of training will reach new highs. The backlog of maintenance and repair of real property will continue to decline toward congressional containment levels. I am particularly pleased that the Army depot maintenance backlog of $11 million is the smallest of the three services. Equally gratifying is the Army's continued emphasis on quality of life programs.

Although I would like to see more funding and emphasis in certain areas, I feel that the Army request represents a responsible O&M Program reflecting a reasonably balanced approach to readiness, modernization and force structure requirements.

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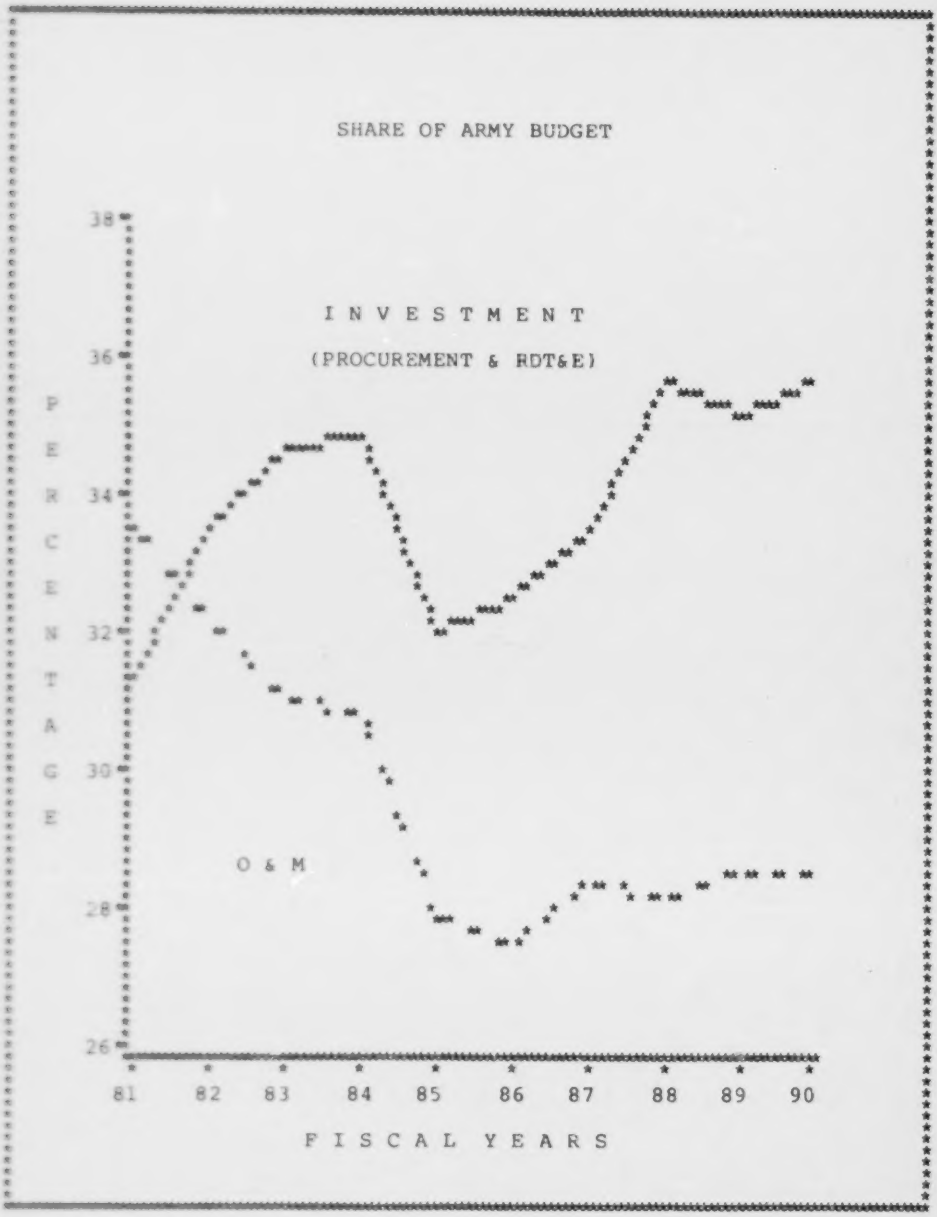
What concerns me is that this balance does not seem to be sustained over the course of the current 5-year program. As the following chart shows—and I believe you have that chart before you, General—the disparity between the Army operating and investment accounts is projected to grow significantly over that period.

It seems that every time we ask this question, the answer is "Not to worry, it just looks bad," or "We will fix it if it breaks." Folks in my neck of the woods may not know a lot about budget analysis, but they do know you can't put 60 pounds of emerging requirements in a 50-pound sack. And they know you are heading for a rough row of stumps if Congress ends up handing you a 45-pound sack.

Another stock answer we get is that "We have been able to do very well thus far despite similar warnings from Capitol Hill in recent years." The reason why Army O&M has fared so well is less a matter of design than massive windfall savings from economic assumptions and stock fund cash adjustments. We should not lose sight of this fact and avoid the temptation of placing undue reliance upon the continuation of this rare good fortune. Otherwise, we may be condemned to repeat the mistakes of the late 1970's.

This time, however, there is going to be a hot time in the front office if the Army comes back to the American people after a $1 trillion increase in defense spending and tells them it lacks the wherewithal to adequately operate and maintain the modernization and force structure initiatives we have been hearing so much about.

Those little ditties you have there came from my daddy's sayings, General. He was a farmer, and we used to go into the woods and cut down the trees, and then we would plow up, and every time you would hit a stump you would get hit on your shin with a root, so that is what I am talking about when I say a bad row of stumps. They are not very pleasant.


SHARE OF ARMY BUDGET
INVESTMENT
(PROCUREMENT & RDT&E)
O & M
PERCENTAGE
38
36
34
32
30
28
26
81
82
83
84
85
86
87
88
89
90
FISCAL YEARS

Mr. DANIEL. Mr. Whitehurst.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, READINESS SUBCOMMITTEE

Mr. WHITEHURST. Thank you, Mr. Chairman.

I would like to join with the chairman in welcoming our witness this afternoon. General Noah, as I am sure you understand, this hearing is part of the subcommittee's continuing series of hearings regarding readiness and O&M.

Last Wednesday one of our witnesses was Lieutenant General Mahaffey, the Army Deputy Chief of Staff for Operations and Plans. General Mahaffey made an excellent presentation on Army readiness and was very forthcoming in answering our questions. After a quick review of the material your staff has provided us in preparation for today's hearing, I would speculate that your presentation will continue the theme we have heard from not only General Mahaffey, but also from Secretary Marsh and General Wickham in their Army posture hearing remarks.

Continuity is a desirable quality most of the time. And in this instance the continuity of every Army witness in describing the positive conditions of readiness in today's Army is certainly welcome. I don't think I am being too presumptuous when I say that the members of the subcommittee have received your message. We know that readiness is better than it has been in quite a while and that many areas of O&M have made significant improvements in the last several years. We applaud that situation.

General, just as we have noted the continuity of your information, I hope there is someone back in the Pentagon who has noted the continuity of what the members of this subcommittee are saying at each of our hearings. Let me summarize by saying that we have some very real concerns about the ability of operation and maintenance to continue to sustain the current level of readiness and to keep that level improving. Our concerns fall into two major categories. First, the widening gap between funding of investment and expense accounts. Second, requests for funding which exceed political reality.

Hopefully, each of the witnesses from the armed services, as well as those from the Office of the Secretary of Defense, has heard our message. It's kind of like Jack Benny saying he was 39 years old. Rochester replied, it must be true because he'd heard it for over 20 years. While it hasn't exactly been 20 years, there has been and continues to be a continuity in our message.

To put it bluntly, this subcommittee and the Congress are faced with some hard decisions regarding the establishment of priorities and allocation of financial resources amongst various programs. We want and need your advice and assistance in making these decisions. We look forward to your testimony and hope we can jointly conquer the challenges that lie ahead.

Thank you, Mr. Chairman.

Thank you, General, for being here, and also for your wife. We are delighted at her presence.

Mr. DANIEL. General, please proceed as you desire.

STATEMENT OF LT. GEN. MAX W. NOAH, COMPTROLLER OF THE ARMY, DEPARTMENT OF THE ARMY, ACCOMPANIED BY BRIG. GEN. CHARLES E. WILLIAMS, DIRECTOR, OPERATION AND MAINTENANCE, ARMY, OFFICE, COMPTROLLER OF THE ARMY

General NOAH. Thank you very much, Mr. Chairman. I do appreciate, understand, and heed your remarks, certainly. I appreciate the opportunity to address the subcommittee on the Operation and Maintenance, Army, which we consider certainly to be the lifeblood of the Army as shown in chart A, and you have testified to that in your opening remarks before I started.

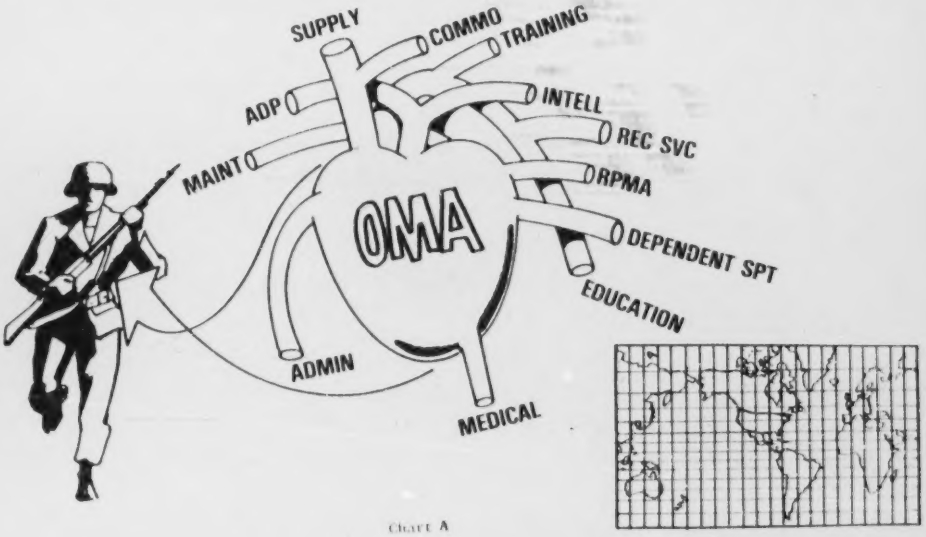


Chart A

As you know, this is my first appearance. Accompanying me is Gen. Charles E. Williams, who is Director of the OMA appropriation. I can assure you he understands this appropriation. He just returned from commanding the brigade that worked in Grafenwoehr, in Germany. He has come right up from the middle of where you speak, sir.

Mr. DANIEL. Delighted to have you, sir.

General WILLIAMS. Thank you.

General NOAH. I have submitted a formal statement for the record but I would like to highlight elements of that statement. These elements will fit into the testimony you have heard before, by General Mahaffey and General Williams when they testified at the readiness hearing. I heard that he did give a typically excellent presentation, as Fred Mahaffey does.

This committee has certainly been sensitive to our needs for near-term readiness in recent years, and we certainly appreciate that. I want to thank the committee especially for the readiness improvement package that was a part of our 1985 mark. We have given you a detailed breakout, I believe, of how those dollars would be utilized. I think it is appropriate for the record to state that these funds are applied, when we get them, to key areas which will

impact the soldier directly and buy near-term readiness consistent with congressional guidance.

Chart B

The functions funded by OMA are shown on chart B. All those elements that you see there affect our total Army of 1.5 million soldiers and 400,000 civilians who live and work at the 340 installations located around the world.

If we didn't get these dollars, we feel it would affect the minimum level of training we require. We need these funds to provide a reasonable quality of life for our soldiers and their families, to fund sustainment of expensive and sophisticated equipment that is being fielded, which you have cited before, and to maintain our aging facilities in a livable and workable condition. If we don't do these activities, we would find it very hard to raise and sustain the ready force that Congress wants. We have reflected the minimum necessary resources, we feel, in the 1986 budget request as displayed on chart C.

Fiscal year 1986 budget

[Millions of dollars]

Fiscal year 1985 appropriation	$18,411
Supplemental	193
Fiscal year 1985 current estimate	18,604
Inter appropriation transfer	270
Price growth (2.4 percent)	449
Real program growth (4.7 percent)	868
Fiscal year 1986 President's budget	20,191

CHART C

The request is $20.2 billion, an increase of $1.6 billion over the current 1985 estimate. This consists of $449 million in price growth and $1.1 billion in program growth.

If you will pardon a little grocery store arithmetic, I want to show how we arrive at the number at the bottom of this chart C. The 1985 appropriation and supplemental gives you a current estimate of $18,604,000,000. We have $270 million in this budget for transfer funds that have been transferred into OMA from other appropriations in 1986. While they show as increases, and even as growth in some displays, they really add no new programs. They are simply a change in the method of financing to allow better management which certainly this committee has recognized in other ways such as in the civilian end strength deletion last year.

The primary transfer components are environmental restoration, in which the Army will be the executive agent for the Department of Defense for $128 million, the investment expense change from Other Procurement, Army will give us a different criteria on which to buy equipment for our posts, camps and stations. There are other transfers in and out. All that nets out to plus $270 million.

The $449 million of price growth provides the funds required to offset inflationary increases. A very important part of that is a stock fund pass-through, in which we used excess cash in the DOD revolving funds in 1985 to fund OMA requirements rather than appropriate the $572 million. In 1986 this requirement must be met through appropriated funds.

There are also reductions in stock fund prices, fuel prices, civilian wage rates, and other items that net out at an inflation adjustment of $449 million.

Finally I come to the $868 million which we would describe as real growth in the Army OMA account. The vast majority of the growth is in force modernization. I will talk to that later on. Other items are medical support, communication support, automated systems and base operations. The total real growth of $868 million or 4.7 percent, is a modest but, we feel, very necessary level of real growth in this account.

We look at OMA in several ways. I will discuss three of them.

BUDGET PROGRAM

(DOLLARS IN MILLIONS)

	PROGRAM	FY 1985	PRICE GROWTH	PROGRAM GROWTH	FY 1986	TOTAL CHANGE	PERCENT PROGRAM GROWTH
● 2	GENERAL PURPOSE FORCES	$3.215	$- 69	$223	$3.369	$154	7 %
● 3	INTELLIGENCE	243	4	12	259	16	5 %
● 3	COMMUNICATIONS	857	24	52	933	76	6 %
● 7	CENTRAL SUPPLY	2.385	506	112	3.003	618	5 %
● 7	MAINTENANCE	2.255	- 73	151	2.333	78	7 %
● 7	ENVIRONMENTAL RESTORATION	0	0	128	128	128	
● 8	TRAINING	1.072	- 5	60	1.127	55	6 %
● 8	MEDICAL	1.229	- 14	59	1.274	45	5 %
● 8	OTHER PERSONNEL ACTIVITIES	612	10	42	664	52	7 %
● 9	ADMINISTRATION	925	5	104	1.034	109	11 %
● 10	SUPPORT OF OTHER NATIONS	187	7	- 1	193	6	- 1 %
● 11	BASE OPERATIONS (-)	2.820	3	142	2.965	145	5 %
● 12	BASE OPERATIONS (RPMA)	2.804	51	54	2.909	105	2 %
	TOTAL	$18.604	$449	$1.138	$20.191	$1.587	6 %

Chart D

The first one, here on chart D shows the OMA budget by program. Again, you will notice that the 6 percent program growth cited there already includes $270 million I mentioned before, which results in a real program growth of 4.7 percent.

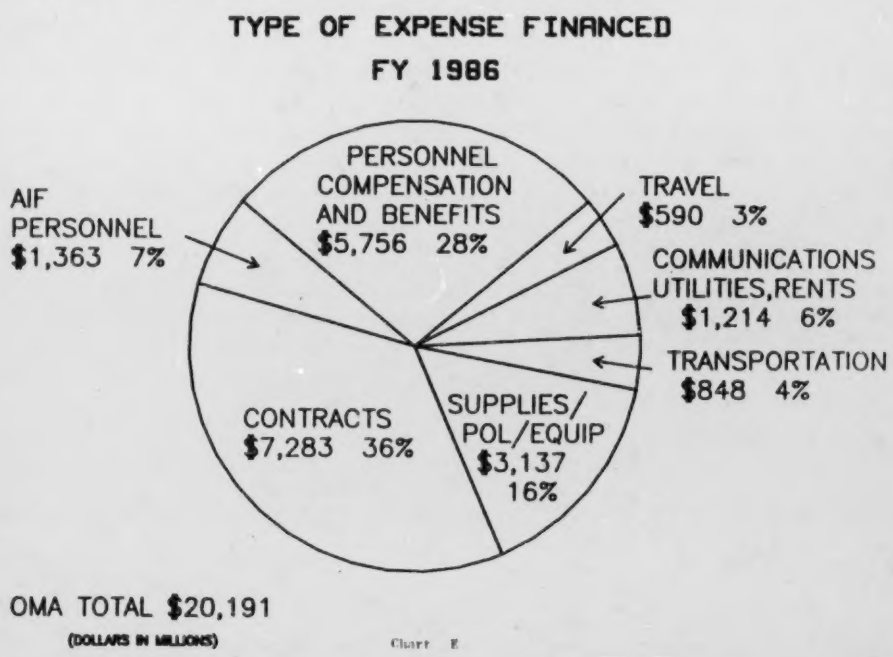


Chart E

The second way we can look at the same $20 billion OMA request, is by the type of expense which we pay. The first element shown on chart D is contracts, which is the largest portion of the

budget at the $7.3 billion, reflects the increasing emphasis we have for contracting versus in-house performance of workloads. As we continue to constrain the manpower levels of the Army, we can expect continued growth in contracts with the private sector, if it is more economical.

Funding for the next category of expense, civilian work force, is divided into two segments. We have direct pay and benefits for 272,000 civilians, and then the salaries of 50,000 additional employees paid from revenues in the Army industrial fund generated from the sale of goods and services, better known as AIF for short.

The Army firmly supports the congressional action which eliminated the civilian personnel ceilings in this regard in 1985. We have reported back to the committees this year. We feel the capability of the Army will be greatly improved through the management of civilian employment levels, without end strength ceilings.

The method in use by the Army, which we call a funded target, provides reasonable management guidance for the use of manpower resource control, we feel, and in fact we find from day to day, Mr. Chairman, that the Army probably knows a lot more about what it is doing with civilian manpower and is in a better management mode than it has been before, when we just had one measurement at one time of the year.

The last major category of expense in the expense accounts are those dealing with supply transportation, travel, rental, and utilities.

Mr. DANIEL. Before you leave that, how are you going to handle this 5-percent pay cut? That isn't going to pass, obviously. You do account for that in your figures, do you not?

General NOAH. I have the 5-percent pay cut in the adjustment for inflation.

Do you want to bring up that chart?

Mr. DANIEL. I am sorry. Why don't you just continue until you get to it.

General NOAH. You see that $449 million there in price growth, that includes a 5 percent reduction in civilian wage rates which is, you could say, a force reduction. It is in the budget that way. As to how we would accommodate it when it doesn't pass, I would prefer to discuss that one later on.

Mr. DANIEL. Mr. Whitehurst.

Mr. WHITEHURST. How much will it amount to? What does it do to that number? What does it change it to?

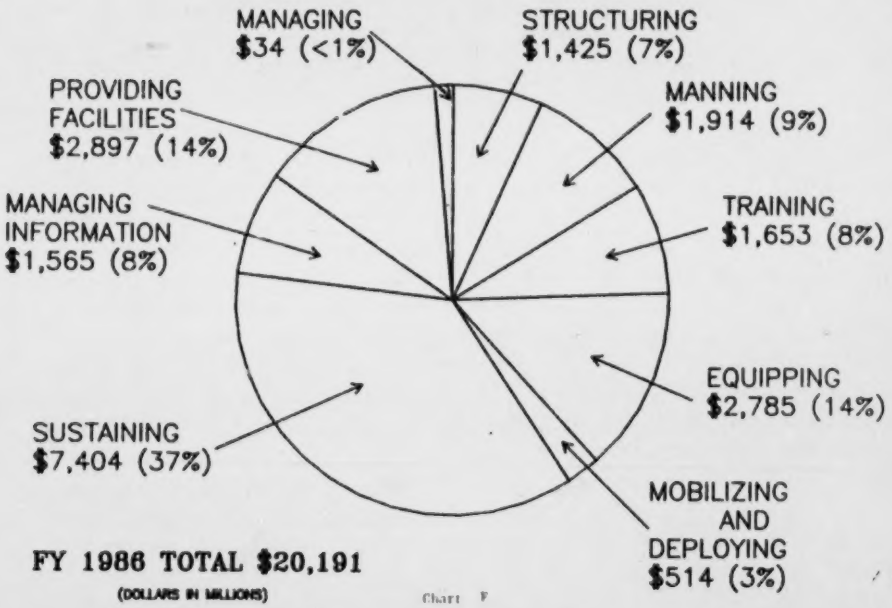
General NOAH. It amounts to $234 million in OMA. If you take O&M, which includes the National Guard and Reserve, it would amount to $289 million, and if you took the total Army, which is RDT&E, O&M accounts, MCA accounts, and so forth, it would be $348 million, to make that up.

Mr. WHITEHURST. That is a fair amount to swallow.

General NOAH. Yes, sir.

Mr. WHITEHURST. Thank you.

OMA BY FUNCTIONAL AREA



General NOAH. The third area I am going to look at, and we can discuss this more later on as we take a look at our OMA budget is by functional areas. The functional areas shown on chart F we feel, provide valuable insight to where the appropriation is going as far as an output goes. We use these same nine functional areas for our use in the programmatic process, and they prove useful, I think, in the futher discussion of where we are going with the OMA account.

The force structure of today's Army of 18 active and 10 reserve divisions and other forces has been modified to capitalize on technology, and to employ doctrine in diverse and distant geographic settings in response to a broadening spectrum of threats. The Army is organized to employ most effectively the modern equipment now coming on line while we modernize our units. We are maintaining a proper balance in our force structure between heavy, light, and special operation units.

Major force design initiatives that the OMA appropriation will support include continued modernization of the heavy divisions and buildup of our new light divisions. Funding for the 7th Infantry Division, the 10th, and the 25th Infantry Division will be accomplished through realignment of military and civilian end strength within the Army. The OMA dollars will follow the personnel. As you know, our active end strength stays at 780,000. Funding requirements for the 6th Infantry Division are currently being developed by the Army staff for Alaska.

In the manning function, in peace and war, the Army is people. That is paramount. The strength of the Army depends on the quality of our soldiers and how well we lead them. We have worked

hard to recruit our very best citizens. We will continue to do that and to provide the professional environment that would convince the best to stay in the Army. The recruiting and retention statistics and the professional performance of our small units, whether in Grenada, in Honduras, or in large field exercises with our major allies, attest to our considerable success.

The OMA request for recruiting and examining is $290 million, a program growth increase of $18 million over 1985. This program provides for increased national radio advertising, expansion of recruiting efforts into the underexploited market of college students, and deployment of an additional 12,000 enlisted recruits aides, who will be allocated to battalions where the impact on acquisition is greatest.

With a declining pool of potential accessions, the Army must have incentives that attract, distribute, and align quality young people to form the core from which the future enlisted leaders will be drawn. The Army college fund and the loan repayment program fulfill these needs. The Veterans Education Assistance Program, or VEAP, is available to all personnel who have enlist or enter active duty between December 31, 1976, and June 30, 1985. The total VEAP request for 1986 is $63.4 million.

Effective July 1, 1985, all new enlistees and those previously participating in VEAP are eligible to enroll in the All-Volunteer Education Assistance Program, better known is the new GI bill, which is a great shot in the arm to help keep our quality up, we feel.

These new offerings together with the remaining educational incentives will help the Army keep it's top quality and meet it's accession goals.

The Army is a family, and meeting family needs, we feel, are very critical.The Army family action plan was developed to foster retention by building a strong partnership between the Army and the Army families. Congressional support is required to insure that family programs keep pace with an ever increasing demand and that soldiers experience a quality of life comparable to the society they are pledged to defend.

FAMILY PROGRAM

	Fiscal year— 1985	1986
Community support services	15.3	24.3
Dependent youth activites	12.4	15.6
Child development	13.1	27.7
Exceptional family members	9.3	15.2
Dependent emergency leave	9.3	9.7
Financial planning assistance	0	3.4
Quarters based child care	0	6.2
Student travel	0	1.7
Family member employment	0	.7
Family safety training	0	.5
Overseas school lunch	0	6.0

In 1986 the OMA request includes six new family programs, shown here on chart G, which will enhance the quality of life for

our soldiers and their families. This supplements similar elements contributing to the family action plan in other appropriations based on this same important thrust.

The last element of the manning area, as I have shown it here, is the medical care program, which provides for worldwide medical and dental services to Active Forces and other eligible beneficiaries, veterinary services, and medical examinations performed in military enlistment processing installations. The fiscal year 1986 budget of $1.3 billion includes program growth of $58.8 million, or 4.8 percent over 1985.

In training, I am sure you agree that success on tomorrow's battlefield demands a peacetime training program in which our individual soldier and the unit are trained to an edge of excellence. The Army's readiness posture has improved as a result of realistic, timely, and well managed training.

The Army training program growth from 1985 to 1986 is $60 million, or approximately 6 percent over the fiscal year 1985 current estimate.

For training in the institutions, we have $1.1 billion, which operates 9 Army training centers, 30 Army schools and colleges, and 6 DOD and joint service schools and colleges. These schools and colleges concentrate on providing soldiers, noncommissioned officers, and officers with essential individual skills. The budget also includes funds for development and distribution of instructional materials and training technology for field use.

The 1986 OMA budget supports realistic mission-oriented unit training. There are several parts of the unit training request. We have $122.5 million for the National Training Center at Ford Irwin in California, which provides the 28 battalions that cycle through there every year the for the most rigorous, combined arms training experience possible short of actual war, using live-fire training and opposing forces in realistic scenarios, $104.3 million is provided for the JCS exercise program. The Army will participate in 15 JCS-directed and 37 JCS-coordinated exercises, which provide valuable opportunity to practice joint and combined operations with other services and our allies.

The $79.7 million for Special Operations Forces SOF units funds the Special Forces, Rangers, psychological operations, civil affairs, and special operations aviation. These forces are an essential element of the total force.

In equipping, the operation and maintenance funds that you see on chart H, support the fielding of new equipment from the initial preparation of production contracts through delivery and operation in the initial year of fielding.

The 1986 OMA budget contains a total funding of $564 million for force modernization, of which $450 million is for fielding and initial sustainment of intensively managed systems, and $114 million is for fielding and sustainment of other systems. There are 66 intensively managed systems, many of which are SAR systems. The intensively managed systems are what I am talking to in chart H.

FORCE MODERNIZATION

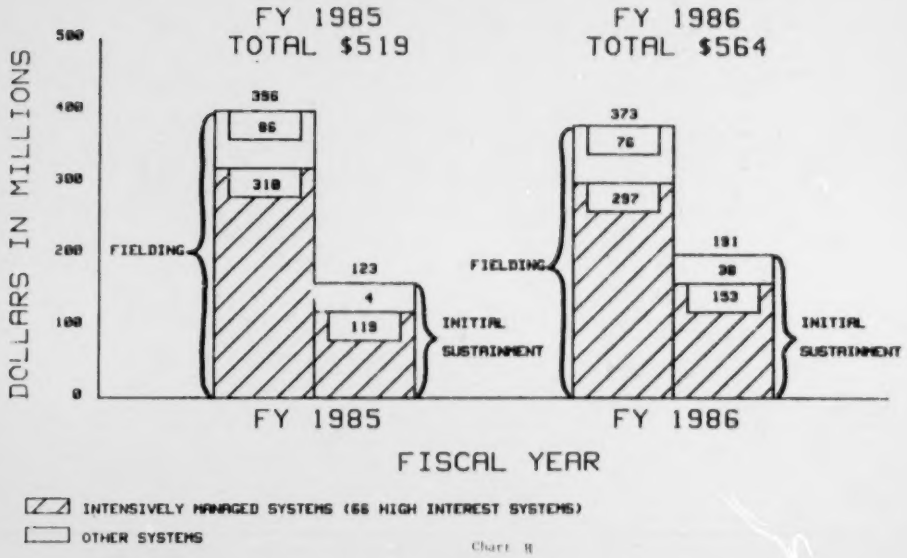


Chart 8

The largest cost in our fielding is the initial authorized prescribed stockage list, or ASL, and prescribed load list, or PLL, which is a 30-day supply of repair parts plus special tools and test sets. These represent 55 percent of the fielding requirement dollars. The remaining 45 percent includes site activation, new equipment training teams, and transportation.

The initial sustainment part of that fielding pays the operation of the systems during the remainder of the year that we actually put it in the field; 65 percent of those costs are for replenishment repair parts. The remaining is 35 percent for fuel, supplies, and civilian labor.

In the area of mobilizing and deploying, the biggest part of OMA goes toward POMCUS, which currently consists of four division sets of equipment. The 5th and 6th Division sets will begin upon completion of sites currently under construction. The 1986 OMA request of $127 million provides resources to support POMCUS stored and maintained in Europe.

In the area of sustaining, our largest area, the 1986 OMA budget contains improvements through increased procurement of spares and repair parts, increased equipment maintenance and modification, and other logistical support. The budget reflects increased resources and provides added funding levels in support of hardware requirements. Funding for real property maintenance will be maintained essentially at the 1985 level.

Medical readiness has been severely limited by two factors, a shortage of medical equipment for hospital units, which we have in the budget in another appropriation, and a shortage of professional medical personnel needed to support wartime requirements. Both of those I talk to with respect to wartime requirements. The pro-

gramming and budgeting efforts of the past few years are now producing significant progress, we feel, toward enhancing medical readiness and the current budget addresses those shortfalls that still exist.

An effective depot maintenance program is quite vital in the sustainment and readiness of combat forces. The total depot maintenance requirement for 1986 of $2.57 billion, funds the overhaul, repair, and renovation of materiel for return to the supply systems as shown on chart I.

DEPOT MAINTENANCE PROGRAM
MATERIAL MAINTENANCE ACTIVITIES

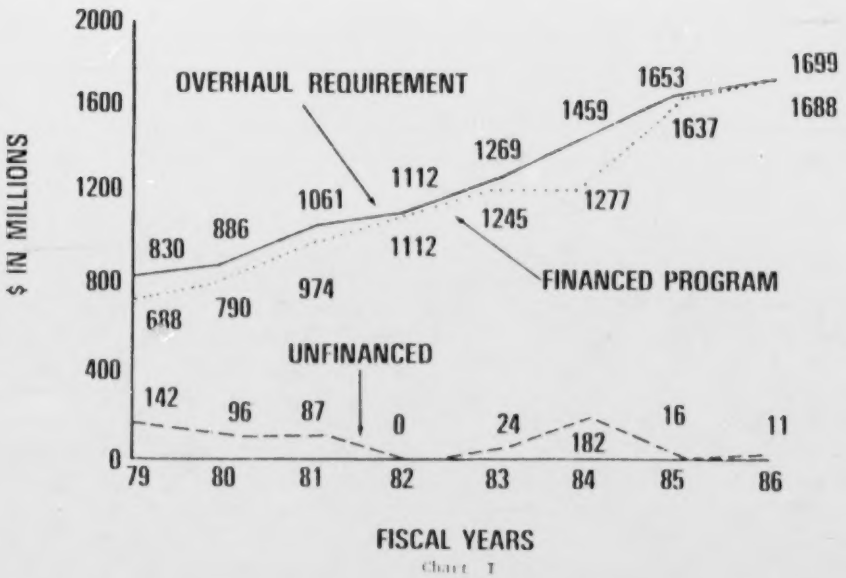


Chart I

The 1986 budget is tailored to insure that the Army has a balanced depot maintenance program which will continue to provide responsive support to units in the field. We are going to maintain the direction that Congress has given us with almost 100 percent financed, only $11 million backlog is expected at this time, with the funds we have requested from you.

In the area of managing information, the Army has started to emphasize the management of communications, automation, audiovisual records management, and publications under one system that we have defined as information management, hence, the name as you see here.

We have a 1986 budget request of $1.6 billion that includes support for command and control, intelligence, automation, and communication activities.

For providing facilities, the 1986 request for RPMA is $2.9 billion. The Army must operate and maintain the facilities at 95 major installations in the United States, 39 major military comunities in Europe, 170 installations and activities in the Pacific, and the Panama defense complex.

We measure our progress in this area by BMAR. It has been an effective measure for the Engineers, and between 1986 and 1987 we expect to cross what is known as the congressional containment level which was given some time ago, and we would expect to continue to go on down as you see on chart J.

BACKLOG MAINTENANCE & REPAIR (BMAR)

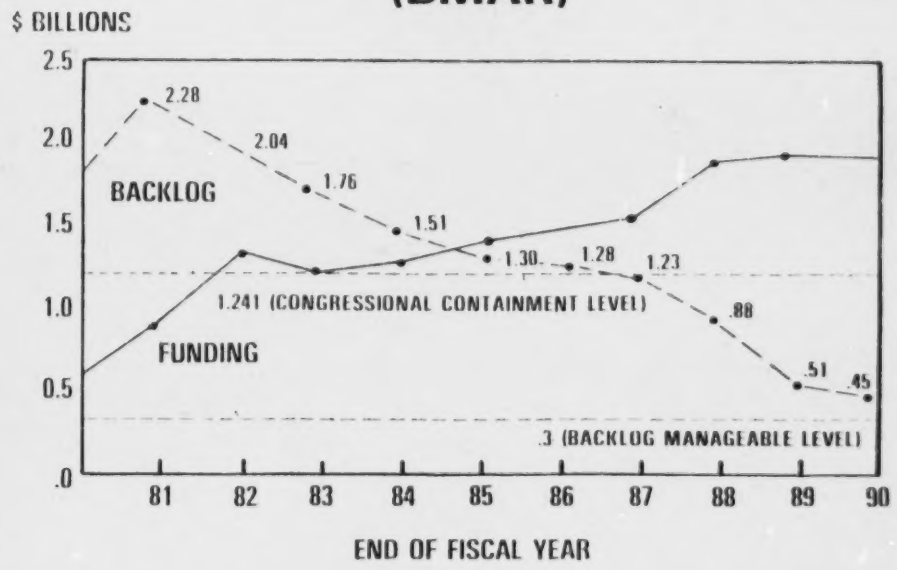


Chart J

Our BMAR reduction is critical, we feel, in maintaining our aging physical plant the Army extensive holdings worldwide worth about $100 billion if you put it at current replacement value. There are about 300 buildings and facilities in that inventory, with an average age of 37 years, and if you take it over time, BMAR doesn't get any better with age. BMAR gets more costly to accomplish, because the facilities breed accelerated deterioration, and inflation adds to the estimated cost. Congressional support of this area in the past is appreciated. We feel this is not a place to cut, if cut we should.

The managing area funds improved management through education, establishment of standards and controls, and increased productivity. We are concentrating in this area. Specific initiatives include development of courses in systems acquisition management and studies in innovative uses of automation, an integrated communications system for headquarters, DA, expanded IG training, continuing commercial activities, and the Army Performance-Ori-

ented Reviews and Standards Programs, better known as APORS, which is essentially an efficiency study mechanism to apply to military and civilian staffing that doesn't get looked at by commercial activities.

The managing area funds programs to exploit new technology such as quick return on investment program or QRTP, the so-called productivity enhancing capital investment program, or PECIP, and value engineering. These initiatives, we feel, contribute significantly to improving the Army's overall stewardship of its resources.

In summary, after I have gone through nine functional areas, and I would say to you that we feel the OMA appropriation certainly is an extremely vital portion of the resoures requested by the Army in the 1986 overall budget. The amount requested provides the minimum necessary resources we require to keep the Army ready to deter and fight a war, if necessary.

We have an Army that is proud and ready, sir, and prepared to meet tomorrow's challenges. With your continued suppport, we will fulfill the important missions entrusted to us. Again, Mr. Chairman, thank you for the opportunity to present the OMA budget. We are ready to answer your questions.

PREPARED STATEMENT OF LT. GEN. MAX W. NOAH

Mr. Chairman, I am delighted to have the opportunity to discuss the Operation and Maintenance, Army (OMA) appropriation which is the lifeblood of the Army.

Chart 1*

As you know this is my first appearance before this committee in my current capacity. Accompanying me is Brigadier General Charles E. Williams, the Director of the OMA Appropriation, who will serve as my principal backup during the hearing. Also seated behind us are some other key staff experts from the Personnel, Supply and Maintenance, Maintenance of Real Property and Training areas.

This committee has been very sensitive to the concept of neartern readiness in the recent years, and we appreciate that. My message today is to ask for your continued support.

OMA resources provide crucial day-to-day necessities to the whole Army and impact directly on the readiness of the total force.

Chart 2

The OMA appropriation finances the day-to-day operation of Army forces located around the world. The total Army of 1.5 million soldiers and 400 thousand civilians live and work at 340 major locations throughout the world. OMA supports separate activities that man, train, equip, sustain and manage the force. Each activity contributes to meeting the goals of the Army's "Airland Battle" doctrine.

If sufficient O&M dollars are not available to buy the minimum level of training, a reasonable quality of life for the soldier and his or her family, sustainability for the expensive and sophisticated equipment that is being fielded and to maintain the aging facilities in a livable and workable condition, it will be virtually impossible to raise and sustain a ready force.

FY 1986 BUDGET REQUEST

The FY 1986 request of $20.2 billion is an increase of $1.6 billion over the current FY 1985 current estimate. This increase consists of $449 million in price growth and $1,138 million in program growth.

Chart 3

A closer inspection of our budget trail from the FY 1985 appropriation to the FY 1986 request is necessary to avoid any erroneous conclusions.

Most important to understand is the Congressionally directed Army Stock Fund (AIF) pass through of $572M in FY 1985. This procedure enabled Congress to use excess cash that existed in the DoD revolving funds in FY 1985 to fund OMA requirements rather than appropriate the $572M. In the absence of excess cash in FY 1986 this requirement must be met through appropriated funds.

Also important to recognize is the $270 million of funds that have been transferred into OMA from other sources in FY 1986. While they show as increases, and even as growth in some displays, they really add no new programs to the Army, but are simply a change in financing method.

For historical perspective when the budgets from FY 1982 to FY 1986 are put in the constant FY 1986 dollars, it can be seen that the actual increases from FY 1982 to FY 1986 are mainly attributable to price growth with only a 3% growth in program. The major portion of this 3% growth has been devoted to Force Modernization —— the fielding and sustaining of new equipment.

*Charts appear in oral statement.

Chart 4

HOW WE LOOK AT OMA

There are various ways to look at the OMA appropriation. I will briefly discuss three ways to view the FY 1986 OMA request; first, by Budget Program; second, by Categories of Expense; and third, by Functional Areas.

To begin my discussion of how we look at OMA, I will show the FY 1986 OMA budget by program.

Chart 5

A few points about this Budget Program Chart. The 6% program growth includes $270 million of transfers. These transfers have the effect of reducing program growth to 4.7%.

The display of data shows a relatively even growth in each program, except for Program 9 (Administration) which is attributed to a transfer of non centrally managed ADP from OPA to OMA. The stock fund pass through refund is carried in Program 7 and must be appropriated in FY 1986.

The categories of OMA expense encompass contracts, personnel, supplies, and other item costs. The largest expense, contracting, at $7.3 billion (36%) includes a variety of functions provided by the private sector. Second is the compensation and benefits of 272 thousand civilian employees requiring $5.8 billion (28%). The Army Industrial Fund (AIF) portion of the OMA request, $1.4 million, is based on the amounts of services contracted and represents the compensation and benefits paid to civilian personnel working in AIF facilities. The remaining segments, $5.7 billion (29%), support the vast array of supplies, equipment, transportation, communication, utilities, and travel, necessary for daily operations.

Chart 6

CONTRACTS:

With the increasing emphasis for contracting versus in-house workload performance our budget reflects the largest amount of expenses, $7.3 billion, as contracted services. As we continue to constrain the manpower levels of the Army we can expect continued growth in contracts with the private sector. This is consistent with established policy and provides the most efficient and economical use of resources for the Army. Major uses of the contract funds are:

0 Depot Maintenance ($1.1 billion) - Workload done by private sector contractors on aircraft, vehicles, and related engineering and publication services.

0 Facility Maintenance ($885 million) - Essential maintenance and repair funded by our engineer accounts throughout the world.

0 Printing and Reproduction ($111 million) - Finances printing and reproduction from both government and private sector.

0 Equipment Maintenance ($299 million) - Funds maintenance of equipment not repaired by government personnel. Examples include engineer and office equipment.

0 Other Contracts ($4.8 billion) - Covers a myriad of contract activities in all functions financed by OMA. Examples include OMB Circular A-76 contracts, consultant contracts, and engineering design contracts.

CIVILIAN WORK FORCE:

Funding for the civilian work force is divided into two segments. First, the OMA request provides the direct pay and benefits for 272 thousand civilians. Second, the appropriation pays through the revolving funds of AIF for the salaries of 50 thousand industrial fund employees through user purchases of goods and services from various Army Industrial Fund (AIF) activities. Of our non AIF civilian work force, 27% is devoted to base operations (logistics), 14% to our real property maintenance mission. Central supply and maintenance requires approximately 20% and medical care missions are accomplished with 11% of the civilian work force. The balance of the civilian work force supports missions such as communications, recruiting, education and administration.

The Army firmly supports the Congressional action which eliminated the civilian personnel ceilings in FY 1985. We believe, and will report back to the committees this year, that the capability of the Army will be greatly improved thru management of civilian employment levels, without end strength ceilings.

SUPPLY ACTIVITIES:

Supply Activities support the full spectrum of Army operations and goals. Government managed and operated wholesale logistics functions and transportation operations are the logistics link between the commercial industrial base of the United States and Army units — whether Active or Reserve Components. These forces are directly dependent on a responsive logistics base centered in the United States which is capable of acquiring, storing, and moving peacetime operational and training materiel. Supply activities must also, through prepositioning and product surge, be able to support wartime readiness and sustain units in combat.

OMA BY FUNCTIONAL AREAS:

The following nine functional areas show the critical contribution of OMA to the makeup and functioning of the US Army:

Chart 7

O Structuring provides resources to configure Army units through conversions or activations/deactivations in the manner best suited to deter threats and achieve strategic objectives.

O Manning provides resources to acquire and retain qualified personnel with appropriate skills and/or potential.

O Training provides instruction and devices for individual and unit training.

O Equipping (OMA Portion) provides resources to introduce new equipment into Active Army units (transportation, initial repair parts and training) and to displace existing equipment (upgrade for another active/reserve unit or maintenance for Foreign Military Sales).

O Mobilizing and Deploying provides resources to bring the Army to a state of readiness for war or national emergency and to move personnel, equipment and supplies from their present location to the theater of operations.

O Sustaining resources provide logistic support which includes supplies, maintenance, transportation, troop support and base operations.

O Managing Information provides resources to develop, transmit, use, integrate and secure information.

0 Providing Facilities maintains, operates and improves the Army physical plant.

0 Managing resources improved management through education, new systems, establishment of standards and controls, and productivity improvements.

WHAT THE FY 1986 REQUEST WILL PRODUCE

I would like to highlight some of the major functional areas that this request will support.

STRUCTURING

Force Structure

The force structure of today's Army has been modified to capitalize on technology and to employ the Airland Battle doctrine in diverse and distant geographic settings in response to a broadening spectrum of threats. The Army is organized to employ most effectively the modern equipment now coming on line. While we modernize our units, we are maintaining a proper balance in our force structure between heavy, light and special operations units. Predominately heavy forces are necessary to protect our security in Europe, and, to a lesser degree, in Korea and the Persian Gulf. Light forces are essential for those contingencies calling for rapid response and strategic deployment. Deployability equates directly with deterrence. Special Forces and Ranger units are needed to meet the exigencies of terrorism and unconventional warfare, as well as combat operations all across the spectrum.

The key to modernizing and improving the strategic as well as the tactical mobility of our light forces is the new light infantry division. Although only slightly over 10,000 soldiers strong, the light division has a higher "tooth-to-tail" combat ratio than other divisions. It will be capable of deploying overseas in one-third the time needed by current divisions.

Major force design initiatives that the OMA appropriation will support include, activation of the seventeenth and eighteenth active component divisions and Reconfiguration of two infantry divisions.

Chart 8

FY 1986 funding for the 10th Mountain Division ($94 million) has been detailed in the FY 1986 Congressional Budget Justification Book. Funding for the 7th Infantry Division ($13.5 million), and the 25th Infantry Division ($6.5 million) will be accomplished through realignment of military and civilian end strength within the Army. The OMA dollars will follow the personnel. In the cases where one-time incremental costs are identified OMA funding has been reprioritized to support the light infantry division needs. Funding requirements for the 6th Infantry Division are currently being developed by the Army Staff.

MANNING

Above all else, in peace and in war, people are the Army. The strength of the Army depends on the quality of our soldiers and on how well we lead them. We have worked hard to recruit our very best citizens and to provide the professional environment that would convince the best to stay in the Army. The recruiting and retention statistics and the professional performance of our small units whether fighting in Grenada, training friends in Honduras, or participating in large field exercises with our major allies, attest to our considerable success.

Recruiting and Examining

The OMA request for recruiting and examining is $290 million, a program growth increase of $18 million over FY 1985. This program growth provides for increased national radio advertising, expansion of recruiting efforts into the under exploited market of college students, and deployment of an additional 1,273 recruiter aides who will be allocated to battalions where the impact on accession is greatest.

With a declining pool of potential accessions, the Army must have incentives that attract, distribute and align quality young people to form the core from which future enlisted leaders will be drawn. The Army College Fund and the Loan Repayment Program fulfill these needs. The Veterans' Education Assistance Program (VEAP) is available to all personnel who enlist or enter active duty between 31 December 1976 and 30 June 1985. Under this program the Army matches 2:1 individual contributions up to $2,700. In 1979, the Army began testing "kickers" to high school diploma graduates. Initially these kickers were $2,000, $3,000 and $4,000 for two, three and four year enlistments respectively. In FY 1982 the Army adopted ULTRAVEAP, and offered VEAP kickers of $8,000 for a two year enlistment and $12,000 for a three or four year enlistment. For FY 1985, the Army added two additional enhanced Army college fund kickers, $18,300 for a four year enlistee and a $12,900 kicker for two year enlistees who have completed their two year college program. The total VEAP request for FY 1986 is $63.4 million.

Effective 1 July 1985, all new enlistees are eligible to enroll in the all Volunteer Education Assistance Program (New GI Bill). VEAP will cease taking new members in July 1985 when the new GI will becomes effective. OMA funding for VEAP in the future will be limited to the liabilities accrued thru June 1985. These new offerings together with the remaining educational incentives will help the Army achieve its quality and total accession goals.

Readiness is inextricably related to the ability to attract and retain quality personnel. The Army Family Action Plan was developed to foster retention by building a strong partnership between the Army and Army Families. Congressional support is required to insure that family programs keep pace with an ever increasing demand and that soldiers experience a quality of life comparable to the society they are pledged to defend. OMA funding of family programs includes the following new initiatives:

Chart 9

0 Financial Planning Assistance - Funds will pay for contract personnel to provide financial planning classes, individual budget counseling and consumer education to reduce family debt, a casual factor in spouse and child abuse.

0 Quarters-Based Child Care - The Army has a significant shortage in child care facilities (52,000 spaces to support 500,000 children under age 6). This program funds contract staffing to train, certify and monitor child care provided in the homes of Army family members.

0 Student Travel - This program funds one annual space required trip for command sponsored students of overseas service members as authorized in November 1983.

0 Family Member Employment - Funds job information, counseling and referral centers at pilot sites staffed by contract personnel.

0 Family Safety Training - Funds safety courses for military families.

0 Overseas School Lunch - Funds minor construction at 57 Department of Defense Schools and maintenance at another 62 facilities.

Health Care

The Medical Care Program FY 1986 budget of $1.3 billion provides for worldwide medical and dental services to active forces and other eligible beneficiaries; veterinary services; operation of medical command headquarters; medical examinations performed in Military Enlistment Processing Stations; education and training of officers, enlisted and civilian personnel; and other support activities of the direct health care system. Program growth from FY 1985 to FY 1986 is $58.8 million or 4.8% over FY 1985. The majority of the program growth (65%) supports increased levels of direct patient care and support activities in military treatment facilities.

Health Care delivery furnished during peacetime is the principal means by which our medical personnel prepare for contingency and mobilization missions. By law, all beneficiaries - active duty, retired and other family members - are entitled to medical care at DoD expense. Medical care not provided in military facilities is provided through CHAMPUS.

TRAINING

Success on tomorrow's battlefield demands a peacetime training program in which the individual soldier and the unit are trained to an edge of excellence. Readiness posture has improved as a result of realistic, timely, and well managed training.

The Army training program consists of institutional and unit training. Institutional training is conducted by the Training and Doctrine Command (TRADOC). The OMA budget includes funding for the operation of eight Army Training Centers, 30 Army schools and colleges and six DoD and joint service schools and colleges. These schools and colleges concentrate on providing soldiers, non-commissioned officers and officers with essential individual skills.

The OMA budget request contains $1.1 billion for operation of the Army's school system and provides for increased hands-on and field training, and development and distribution of instructional materials and training technology.

Training program growth from FY 1985 to FY 1986 is $60 million or approximately 6% over the FY 1985 current estimate. The majority of program growth supports: force modernization ($28 million or 47% of total program growth); contractual logistic maintenance support for training devices ($9 million or 15% of the total program growth); enhanced NCO training courses ($6 million or 10% of total program growth; reserve component training ($5 million or 8% of total program growth); expansion of Warrant Officer training ($3 million or 5% of total program growth); National Training Center enhancement ($3 million or 5% of total program); and $6 million or 10% of total program growth for increased training workload.

Individual Training.

The total Program 8T (Mission) request for FY 1986 is $1.1 billion. One of the elements of readiness is the technical and tactical proficiency of those who command and lead. The need for formal leadership training must be balanced against the cost measured in terms of absence of the leader from the field. Initiatives, now underway, are designed to improve the expertise of officers, warrant officers, and noncommissioned officers through training, reducing where possible the cost to the Army in weeks in the school house. The initiatives include: School of Advanced Military Studies (SAMS), Combined Arms and Services Staff School, Revised Officer Advanced Course (OAC), Expanded Officer Basic Courses, Implementation of a Warrant Officer Training System, Expansion of the Sergeants Major Academy, Non-Commissioned Officer Training, and Physical Fitness Program.

Unit Training.

The FY 1986 OMA Budget supports realistic, mission-oriented unit training. These funds train not only our 18 active component divisions but also hundreds of smaller combat and support units. The following paragraphs will specifically highlight the National Training Center (NTC), the Joint Chiefs of Staff Exercise Program, and the Special Operations Forces (SOF).

National Training Center

The FY 1986 budget of $122.5 million will provide units the opportunity for the most rigorous combined arms training experience possible short of actual war, using live fire training and opposing forces in realistic scenarios. In FY 1986, 28 battalions will train at the NTC. The NTC is providing unit commanders with an objective assessment of their unit's training status. Leader training is enhanced in the high stress NTC environment. Data collected at the NTC is providing input to improve training, tactical doctrine and systems employment throughout the Army. Specific feedback to units is improving follow-on home station training. Lessons learned are promulgated throughout the Army to improve training and readiness.

Joint Chiefs of Staff Exercise Program

The FY 1986 OMA funding for the JCS Exercise program is $104.3 million. The JCS Exercise Program is a visible highlight of our training program in which Army units both learn and demonstrate their capabilities. The Army will participate in 15 JCS-directed and 37 JCS-coordinated exercises. These exercises will provide the Army an opportunity to practice combined arms techniques, to promote cooperation with other services, and to participate in valuable interoperability training with our allies.

Special Operations Forces (SOF)

In FY 1986 the request for SOF is $79.3 million, funds SOF units such as the Special Forces, Rangers, Psychological Operations, Civil Affairs and Special Operations Aviation. These forces are an essential element of the total force. They add to our capability and effectiveness by providing increased flexibility and freedom of action to the National Command Authority. SOF extend conventional capabilities at the lower end of the spectrum of conflict. They complement our capabilities at the higher end.

Program growth for SOF from FY 1985 to FY 1986 is approximately $10 million, or 10%. This growth includes structure increases, Authorized Levels of Organization (ALO) increases and increases in staffing. These resources are critically needed to support procurement of PSYOP equipment, an area which has been seriously overlooked. Paramount among the problems confronting SOF is the inability to exercise Command and Control due to a lack of viable communications equipment. The lack of Command and Control to support CINC taskings and to support two Theaters of Operations simultaneously is the number one problem impacting successful mission accomplishment. Failure to resource FY 1986 structure enhancements, ALO inceases and staffing increases will seriously jeopardize the ability of our forces to provide a positive response to the stated needs of our CINCs.

EQUIPPING

Force Modernization

The OMA Force Modernization Program supports the Army by providing funding to support the new or modernized equipment approved by Congress for procurement over the past few years. These funds support the fielding of the new equipment from the initial preparation of production contracts through delivery, fielding and operation in the initial year.

Chart 10

The FY 1986 OMA Budget contains a total funding of $564 million for force modernization, of which, $450 million is for fielding and initial sustainment of intensively managed systems. Fielding displays the one-time costs necessary to introduce new or modernized equipment into the Active Army. Initial sustainment displays the costs necessary to operate and maintain new or modernized equipment during the fical year in which it is fielded.

Equipment modernization has resulted in a significant improvement in readiness and capability. We have made progress in providing the American soldier with better equipment than his enemy. Some solid achievements in this effort include systems such as the M1 Abrams Tank, the Bradley Fighting Vehicle, and the BLACKHAWK Helicopter.

The OMA appropriation has played a central role in the force modernization program. Now we must see the program through to avoid delays, stretchouts and terminations, which would only serve to raise the total cost of restoring America's deterrent strength and defer the day when increases in defense spending can more appropriately begin to slow.

MOBILIZING AND DEPLOYING

POMCUS

The concept of prepositioning unit sets of equipment began in 1961. POMCUS is organizational equipment stored in company and battalion sized packages, in a ready-for-use condition. The purpose of POMCUS is to position the majority of a unit's organizational equipment forward, so that in time of crisis only unit personnel, with minimum equipment, will require airlift to meet the requirements of a NATO contingency.

Currently, POMCUS consists of four division sets of equipment. Prepositioning for the fifth and sixth division sets will begin upon completion of sites currently under construction. The FY 1985 Defense Appropriations Act included restrictive language requiring the Army to ensure that, for those items being shipped to the fifth and sixth sets, the Active and Reserve Component fill of the established requirement will not fall below 70% and 50% respectively. With this restrictive language in mind the FY 1986 OMA request of $127 million provides resources to support unit sets of equipment stored and maintained in Europe.

SUSTAINING

Crucial to our defense program is materiel readiness and sustainability. The FY 1986 budget contains improvements in this area through the increased procurement of spares and repair parts, increased equipment maintenance and modification, and other logistical support. The budget provides increased resources to support our personnel, facilities, equipment, and the major weapons systems deliveries being accomplished under our modernization program. Additionally, the budget reflects continued emphasis to improve the depot maintenance posture of the Army by providing for adequate funding levels in support of hardware requirements. Funding for real property maintenance will be maintained at essentially the FY 1985 level.

Medical Readiness

Medical readiness has been severely limited by two major factors: a shortage of medical equipment for hospital units and a shortage of professional medical personnel needed to support wartime requirements.

The programming and budgeting efforts of the past few years are now producing significant progress toward enhancing medical readiness. The current budget addresses the severe medical shortfalls that still exist.

Depot Maintenance Program

A comprehensive Depot Maintenance Program is vital to the sustainment and readiness of combat forces. The total Depot Maintenance requirement for FY 1986 is $2.57 billion. Materiel Maintenance Activities consist primarily of the overhaul, repair, and renovation of materiel for return to the supply system.

Chart 11

The material maintenance element of the program provides an efficient and effective source of supply by returning serviceable major and secondary items to the central supply system thus sustaining responsive materiel support between intermediate support activities and the user.

Maintenance Support Activities, include Maintenance Engineering; update and printing of maintenance publications; new equipment training; technical assistance to troops in the field; provisioning; and development and update of Depot Maintenance work requirements.

Chart 12

The maintenance support activities element provides for fielding support for new systems, maintenance engineering, new equipment training, and revision of technical publications.

The FY 1986 budget is tailored to assure the Army a balanced depot maintenance program which continues to provide responsive support for units in the field though fiscally constrained in the maintenance support activities arena.

The materiel maintenance program (overhaul, modifications, conversions) is financed except for $11 million. This small $11 million unfinanced requirement in FY 1986 will reduce the availability of some end-items for low priority units. Component repair and new systems are fully funded to maintain unit readiness. The Maintenance Support program (engineering, training and publications) has been improved with an increase of $27 million, resulting in the unfinanced requirement being reduced to $230 in FY 1986 million from $285 million in FY 1985.

PROVIDING FACILITIES

Real Property Maintenance Activities

The FY 1986 request for Real Property Maintenance Activities (RPMA) is $2.9 billion. This is an increase of $106 million but because of three functional transfers there is no program growth in FY 1986. The RPMA program provides resources to support the ongoing activities of Army facilities engineers who operate and maintain the facilities at 95 major installations in the United States, 39 major military communities in Europe (excluding Berlin, which is funded by the Federal Republic of Germany), 170 installations and activities in the Pacific, and a Panama Defense Complex. The total replacement value of all real property existing on Army installations which is operated and maintained with OMA funds is over $100 billion. This excludes family housing, AIF or RDTE facilities, and the value of approximately 12 million acres of improved and unimproved land.

Backlog of Maintenance and Repair (BMAR)

The projected BMAR reduction for FY 1986 is $27 million. BMAR is defined as an accumulation of maintenance and repair projects which were planned for accomplishment on the annual work plans of the installations or activities where BMAR exists, but were not done because funding allocations were insufficient to finance the work.

Chart 13

The Army operates and maintains an aging physical plant with extensive holdings worldwide. There are over 300,000 buildings and facilities in the inventory with an average age of 37 years. Over time, BMAR projects get more costly to accomplish because neglected facilities breed accelerated deterioration and inflation adds to the estimated cost. However, due to increased funding, favorable economic conditions leading to a cost advantage for government contracts, and a facilities strategy that emphasizes maintaining what presently exists, substantial improvements have been made in soldier's living and working conditions.

CLOSING

In summary, the OMA apppropriation is an extremely important part of the resources requested by the Army in FY 1986. The amount requested provides the minimum necessary resources to keep the Army ready to deter and fight if necessary.

Today's Army is proud and ready, and is prepared to meet tomorrow's challenges. With your continued support, we will fulfill the important missions entrusted to us.

Mr. DANIEL. Thank you very much, General.

I want to compliment you on these charts. Somebody did an exceptionally good job on simplifying what sometimes becomes a very complex subject. I don't know who did that.

General NOAH. Major Sheets and these other folks did it. They have been up for about 1 week. I think I will let them go to bed tonight, sir.

Mr. DANIEL. They deserve a night's sleep.

General NOAH. Thank you, sir.

Mr. DANIEL. Let the Chair welcome the visitors. We are always pleased to have visitors attend our sessions.

General, I want to give you an indication of how interested this subcommittee is in what we are doing in the O&M area. We had some hesitancy about even scheduling a meeting today because, as you know, the Congress is not in session; and we expected most of the Members to be back in their districts trying to get some votes. It is not like the Senate where they can goof off for a couple or 3 years and then go down and pretend that they are doing a good job. But here we have to do it all the time.

But, yet, we have seven Members present here, and that is an indication, I think, of just how interested these Members are in what you are doing.

Let me ask you about some reports that I have been receiving in the past few days about poor maintenance on helicopters and C-130's. Has any report come to you in the last 3 or 4 weeks indicating any problem with helicopters and C-130's?

General NOAH. No, sir.

Mr. DANIEL. General, have you had any complaints?

General WILLIAMS. No, Mr. Chairman, we have not.

Mr. DANIEL. Mr. Whitehurst.

Mr. WHITEHURST. Thank you, Mr. Chairman.

General, we have, as you noted in your statement, eliminated civilian personnel ceilings in this fiscal year, and I guess what I

would like to know is what effect that action has had on the number of civilians employed by the Army; and the amount of money that was programmed for civilian pay.

Do you have any information on that?

CIVILIAN PERSONNEL CEILINGS

General NOAH. First, I would like to say, sir, that we have in the past, except for a few accounts at the management level, not looked that much at day-to-day civilian employment. The account level hasn't been up high. This year, we are looking for the first time.

When I first looked at the civilian-end strength issue after we put out our letter of instruction which was prepared by us in conjunction with General Elton of DCSPER, I was quite alarmed because I noted that civilian employment seemed to be rising. My Deputy, Dr. West, who is somewhat familiar in this area, pointed out to me that this is the same rise that occurs annually, and that it goes up normally in the summer. As I say, it sort of looks like a baby whale with a tail back at the end of the fiscal year and a big head up in the summer, because you have a higher employment level in the summer, and then it comes down to the end strength at the end of the year.

Once you describe end strength in this manner you can put out the dollars that we would project for civilian hire. We call that the funded target, and we put this out to the agencies who we have managed by end strength before. Now we tell the agencies to manage civilian-end strength within this Army funded target, and then come back to us if you want the target increased or decreased.

We have had people come back to us for changes, however we have not changed the Army funded target. We will see how they come up with managing civilian personnel. At any one time you might see an end-strength line, which you could draw from one point to another, At 12,000 above the line you would say, "I am worried about that." But really what we are managing is the overall man-years, if you will, during the year.

So I would answer it that way, and I am not alarmed.

Mr. WHITEHURST. That is good. That is fine. Because many of us on this subcommittee had to push very hard to get DOD to take those ceilings off.

I have a large Navy district. We have a number of rather large industrially funded facilities there. It just doesn't make any sense to me to impose artificial numbers on those organizations. Let them operate as they would in the private sector.

Also, in your statement you indicate that medical readiness has been severely limited by shortages of both medical equipment and personnel. Could you perhaps elaborate on this and give us some specifics?

MEDICAL READINESS

General NOAH. Well, there are two parts to the answer in wartime. As far as wartime, we have made some significant efforts in the last few years to start to build up our capability to put the number of beds overseas. From my knowledge, I believe we in the

professional ranks are not in a disaster mode as far as the professional doctor ranks.

In talking with my medical colleagues, I think the primary areas where we would require funding in the medical arena is in the area of, let's say, the technical ranks such as nurses. We have had some capabilities in the past to come up with the personal services contract authority from Congress, and therefore we can put the people in to build up behind, if you will, the doctors and the operating rooms to bring ourselves up to strength.

The other concern in the medical area that we have found a need to address is that of medical supplies, that is to make sure that we have enough on the shelves. It has been reported on occasion that stockages are not in the best of shape, which we have made significant efforts to correct, in fact, a large portion of that $300 million package is going into medical readiness items.

Mr. WHITEHURST. You are addressing it then right now?

General NOAH. Yes, sir. We are addressing it in this budget.

Mr. WHITEHURST. That is good.

General NOAH. I would say we certainly won't find a lot of surplus funds in this area sir. But you will find it right on the button.

Mr. WHITEHURST. I probably have time for one more question, and then I will yield.

You discussed the various component programs associated with the Army Family Action Plan, and one of these is the quarters-based child care program which has $6.2 million in the 1986 budget—contract staffing and trained, certified, monitored child care provided in the homes of Army family members.

Can you just elaborate some on this and tell us precisely what this provides?

General NOAH. All right, sir.

General WILLIAMS. Mr. Whitehurst, I would like to take that question.

Mr. WHITEHURST. That will be fine, General. Go ahead.

ARMY FAMILY ACTION PLAN

General WILLIAMS. The child provider program, quarters-based program, is one of the real good programs of our total family action initiative.

Mr. WHITEHURST. I have two grandsons who are Marine children, and they would be affected in the core.

General WILLIAMS. Let me tell you how the program operates. We got this started in a community that I was in charge of in Germany, and it works like this: The $6.2 million will buy training for the providers, it will buy certification for the providers, and also inspection of the quarters and referral services. This will take the load off our centers, our child care centers, and allow a larger number of our youngsters to be cared for in a certified manner.

It is a very, very good program because, as you know, we are constrained somewhat by facilities to handle the load that we have. That is what the $6.2 million will buy.

Mr. WHITEHURST. I yield back. I have some other questions that I would like to submit for the record. If they could be answered, I would be grateful.

General NOAH. We would be delighted to answer them, sir.

Mr. WHITEHURST. Thank you very much.

[The following questions were submitted to the witness to be answered for the record:]

O&M MODERNIZATION FUNDING BALANCE

Mr. WHITEHURST. General, we have heard quite a bit about the ambitious and unprecedented peacetime modernization program the Army is currently carrying out. Likewise, we have heard lots about the inability of DoD to accurately forecast the cost of maintaining new weapon systems and programs. How comfortable are you with your O&M projections associated with force modernization?

General NOAH. I am comfortable that our O&M projections associated with force modernization are sufficient to field, operate and maintain the equipment the Congress has generously approved for procurement. Estimating cost for weapon systems is an extremely complex process which the Army has addressed as a separate distinct part of our programming and budgeting process. The best available cost factors to estimate weapon system costs vary according to the phase of a weapon's systems life cycle. For example, in the Research and Development phase, the best available cost factors are calculated from engineering and contractual estimates. After a system is fielded and we have some operational experience, cost factors are developed from the feedback we receive. Our programing and budgeting process is comprehensive and is based upon the latest distribution plans and operating tempos. We are constantly striving to improve our system; for example, sample data collection is being reviewed as a source of operating and support cost data and a detailed look at the spares and repair parts methodologies for the M-1 tank and Blackhawk Helicopter is being conducted.

SPECIAL OPERATIONS FORCES

Mr. WHITEHURST. General, I understand that a Special Operations Forces Master Plan covering the years 1986 to 1990 was approved by the Secretary of the Army in April 1984. How does the SOF request in the FY-86 budget compare with the figure envisioned by the Master Plan?

General NOAH. The U.S. Army Special Operations Forces Master Plan provides for force structure enhancements for Army special operations forces. The FY-86 structure increases total 629 spaces. These spaces are intended to improve command and control by establishing specific units dedicated to communications and logistical support, and by increasing the Army special operations forces headquarters to parallel its increasing responsibilities. Selected units are also receiving personnel increases in order to be able to better accomplish their missions. One effect of these force enhancements is the budget submission in FY-86 for Army SOF for $77 million for equipment procurement and $44.7 million for military construction, Army (MCA). The budget submission support the Special Operations Forces Master Plan, and are essential to its timely execution.

RELIABILITY CENTERED MAINTENANCE

Mr. WHITEHURST. General, programs to determine when overhauls are needed, appear to be a good idea. Some of these programs such as the Aircraft Evaluation and the Combat Vehicle Evaluation could be further strengthened if Reliability Centered Maintenance (RMC) logic were applied to identify exactly what depot-level work is needed. Does the Army have any plans to begin applying RCM logic to these overhaul programs?

General NOAH. The ACE and the CVE programs are the Army's implementation of the principles of RCM. Aircraft and combat vehicles are inducted into depot overhaul programs only when evaluation has determined that overhaul is required.

MEDICAL EQUIPMENT AND PERSONNEL SHORTFALLS

Mr. WHITEHURST. General, in your statement you indicate that medical readiness has been severely limited by shortages of both medical equipment and personnel. Could you elaborate on the situation and discuss some specifics:

General NOAH. Based on Defense Guidance, the Army has a requirement for 74,000 theater beds in 1990. This equates to 173 combat hospital units. Presently, we have approximately 27 percent of the required equipment on hand in our combat hospitals. The proposed 1986 budget request represents only one year of a several year procurement program designed to equip and modernize all of our combat hospi-

tal units. Funding is also included for the modernization of division level medical units. The funding requested reflects a reasonable economic level of acquisition that can be properly executed.

Currently, shortages do exist in medical manpower to meet the peak full mobilization requirements. With current assets the Army can man 84.8 percent of the deployable medical force structure. Medical personnel readiness continues to improve in number and skills. Nevertheless, significant shortages in certain critical health care specialties exist among physicians, nurses and ancillary enlisted health care specialties as depicted in the following chart.

SPECIAL SKILLS STATUS [1]

	Total required	Available	Percentage
Physicians: Anesthesiology, General Surgery, Thoracic Surgery, Orthopedic Surgery, Neurosurgery	3,756	1,932	(1,824) 51
Nurses: operating room, anesthesia, medical surgical	16,697	8,781	(7,916) 53
Enlisted specialties: practical nurse, psychiatric, orthopedic, respiratory	17,064	9,847	(7,217) 58

[1] Reflected as a percentage fill of mobilization requirements.

Sufficient personnel resources can be made available to meet battlefield health care needs of the theater. However, if priorities are allocated to the theater for medical personnel assets, it should be clearly understood that the Army medical support in the Continental United States would be severely limited in meeting treatment demands of returning casualties. This is attributable to personnel shortages in the Reserve Components, particularly the IRR. Therefore, health care for returning casualties would rely heavily on the Veterans Administration and the Civilian Military Contingency Hospital System.

Since current programs will not fill existing manpower gaps, new initiatives are being researched to identify programs that will bring Reserve Components medical personnel assets to the required levels by 1991. Until new programs are initiated, an alternative solution is the peacetime registration of health professionals. This appears to be the only means of meeting near term mobilization requirements given existing shortfalls in the critical skills.

BMAR

Mr. WHITEHURST. General, in your statement you discuss the Backlog of Maintenance and Repair (or BMAR) and the progress the Army is making in reducing BMAR. Your recent track record is pretty good, especially compared to the other services, and you are to be congratulated. Can you tell us the division of BMAR by percent between quality of life related items (barracks, family quarters, direct personnel support facilities, etc.) and other BMAR?

General NOAH. Of the total $1,514 million OMA backlog at the end of FY 1984, $516 million, or 34 percent was for categories of facilities that impinge directly on quality of life. These categories of facilities were medical facilities, unaccompanied personnel housing, and community facilities. Family quarters are maintained with dollars from another appropriation and the backlog associated with these facilities is reported separately in the budget exhibits submitted for the Military Construction, Army appropriation. The amount is not included in the backlog reported for the OMA appropriation.

Mr. DANIEL. While we are on this general subject, General, you are familiar with the status of the Shelter for the Homeless Program. Have you been brought up to date on that? If you haven't, provide us something for the record on it.

General NOAH. I would like to do that, sir.

I am quite familiar with it. My Director of the Army Budget has worked on that, General McCall, and we will provide something for the record.

Mr. DANIEL. Super.

[The following information was received for the record:]

SHELTER FOR THE HOMELESS PROGRAM

The Army is currently involved in a number of projects to provide shelter for the homeless. The Fiscal Year 1985 Appropriation Act provided $500,000 in the Operation and Maintenance, Army Reserve (OMAR) Appropriation to support the Shelter for the Homeless Program. To date, no money has been obligated to new shelter projects for Fiscal Year 1985. However, three Army installations (Fort Meade, Maryland; Fort Monmouth, New Jersey; and Kapalama Military Reservation, Hawaii) and four Army Reserve Centers (Worcester, Massachusetts; Springfield, Massachusetts; Edison, New Jersey; and Pittsburgh, Pennsylvania) are currently coordinating with local charitable and civilian governmental groups to determine if shelter assistance can be rendered. Fort Meade, Maryland recently completed a cost analysis on three World War II-era buildings that are being considered as shelters for the homeless in Anne Arundel County, Maryland. Renovation cost is estimated at $414,000. Additionally, Fort Monmouth, New Jersey is assisting Monmouth County representatives in developing a concept of operations plan to shelter homeless families at that installation. When this is completed, a cost analysis will also be conducted to determine renovation costs. As agreements are reached at any of these installations, the Army will assist local groups in providing funding to cover renovation of the proposed shelter facility.

Mr. DANIEL. You noticed in the paper this morning, I suppose, as I did, that the Senate Budget Committee has made a recommendation that the defense budget be frozen at last year's funding level plus inflation. There is some concern, some discussion over in the House Budget Committee about freezing without adding the inflation factor.

If either one of these suggestions, proposals, become law, what is that going to do to your program?

EFFECT OF BUDGET FREEZE

General NOAH. That is going to cut into the $868 million that I have shown as program growth. If we had to do that, I would see a choice among several things. I would like to give you a few items, if I could, sir.

Mr. DANIEL. Please.

General NOAH. We would cut the force mod systems. If we cut $500 million out of the force modernization systems, we would see systems probably that had been ordered in the past, where we would have to cut down on operating tempo quite a bit, almost to zero; maybe even not issue the item.

When I say that, as you know, Mr. Chairman, you have about a 2-year lead time with equipment coming on line, so when we order the equipment that is for delivery today, we also order the spares, big engines and that sort of thing, and we also order the repair parts. A cut will extend how long it is going to take to build up the stock levels associated with the equipment and the spares are usually ordered up and put into a stock fund. In fact, in recent years we have increased the corpus, as we call it, of stock fund.

But the operation and maintenance funds that we are asking you for don't go into that. They go into the till of the fellow who has to buy that from the store. So inventories in the store. If you cut the OMA budget then I have a program where you have affected buying from the store. I can buy minimum parts, but I can't run it. It is sort of like we have seen in the aviation business in the past. That is one area.

The recruiting program, if cut, we feel it would impact considerably on trying to get a quality soldier. So the quality would go down.

In the new training programs, the recruiting program is only $18 million, to give you the size of it. We feel a cut would impact rather severely here.

Base operations, improved base operations would have to be cut in the growth account. We feel that we do need to do some better work, especially in automation, to do a better management job on the bases.

Family life programs, I have just showed you some that started up. They are going from a zero base. That would sort of nip that in the bud. That is about $11 million. So that is not, we feel, a good idea. It would eliminate a lot of initiatives. We could probably find other places to take that cut.

If I took it in depot maintenance, the backlog would go up. And, quite frankly, that would cause us to have a lot of displaced equipment. As equipment is coming into the force, such as our tanks going through Anniston, and so forth, a cut would cause that to go down. And a lot of that equipment is headed into war reserve, but an awful lot of it is being distributed to Reserve components. So you are probably going to have a hit there in the National Guard and Reserve.

BMAR, I have talked to that problem. We could go flat in BMAR. With $27 million, there is not much there.

I think that is probably enough of a list of horror stories, sir, of the type of things I would look at in OMA. Obviously, there are other appropriations which I watch over, but I am not responsible for. We would have to take a look at each appropriation. It would hit quite a bit in the contract arena, and in the procurement arena.

I would say it is the leadership position, the Army's choice, that we would not, unless really drastically required, actively increase our force structure.

As far as the reserve components go, that would be another choice. We have increases there programmed end strength. But the active, we probably would certainly not want to bring that down.

Mr. DANIEL. Can you give us any idea of how it would affect the plans for the establishment of the performance of the light divisions?

General NOAH. I would say in the direction we are going right now, we would probably continue to move, because we are really not changing other than in tempo of reorganization. It might affect it in future years. We are really not changing. It is within the active end strength of the Army.

We are not adding anything to the Army. We are redistributing it, you might say, or putting it in a better stance to serve its mission.

Mr. DANIEL. Mr. Sweeney.

Mr. SWEENEY. Thank you, Mr. Chairman.

If I could have Major Woodbridge refer to your last chart, please. I have just a couple of questions, very briefly.

I think it was the chart entitled "OMA By Functional Areas," broken down in the budget by functional area, your last frame there. Yes, that is the one.

In the private sector, of course, General, we have what you could briefly dichotomize as fixed cost and variable costs. For example, variable costs might be advertising, training, certain kinds of officers; and forced fixed costs would be transportation costs, and so on. I am assuming that the same applies in the public sector of correspondence in the Army.

Could you tell me what percentage of your budget, the operation and maintenance budget, falls in the category of fixed cost?

General WILLIAMS. It is 84 percent.

Mr. SWEENEY. Eighty-four percent?

General WILLIAMS. Yes, sir.

Mr. SWEENEY. What are you doing in that area to reduce the level of fixed costs by way of economies of scale or by looking at the fixed costs in achieving some kind of efficiency by treating certain broad categories?

General WILLIAMS. We are looking at ways that we can improve productivity and gain efficiencies. But because of the way the appropriation is and what it buys, civilian pay, for example, all of our utilities, and then of course in the contractual piece, this works out to be 84 percent. And we are constantly looking for ways that we can gain efficiencies.

Mr. SWEENEY. To your mind, General, are there any ways of achieving any efficiencies by coordinating the payment or the procurement of things that would fall in the category of fixed costs with other branches of the service?

General NOAH. Yes; and we are doing that. In fact, just today we had a meeting of all three service programmers over next year's program.

Mr. SWEENEY. What kind of budget items?

General NOAH. The budget items we looked at last year, with which I think the committee is familiar with the Air Force, we are looking at both air defense, special operating forces areas, and this type of thing, as to where redundancy in investment costs could be had.

We have a program called DRIS, which is Defense Readiness Improvement Program. It is an improvement business where we will take on a job in the Army, or the Navy will for us, usually in an administrative type of function, where we have printing or where we have two printing plants next to each other, and that sort of thing.

Here in the Washington area, for instance, a consolidation of RPMA activities has been undertaken.

Mr. SWEENEY. How long has this program been ongoing?

General NOAH. The DRIS is about 10 years old; at least 10 years old. Commercial activities fall into this arena. Most of those I mentioned fall under the management arena.

The management arena sort of falls into two areas. One is where we output a dollar and get $10 back, so to speak, by buying a piece of equipment that, we have asked for. The other side of the area is where you will go steady in a resource management context, such as commercial activities, what I called APORS or DRIS, as I mentioned. This is a better way to go about a business.

And those two things are quite active. In fact, both are under my agency. I have a division that deals with that, and with Mr. Shan-

non, the new Installations and Logistics Assistant Secretary. So both of us are working in that arena.

In the arena of investment, we have started up a direction under the Army leadership to encourage relooking at our operating and support business in the investment arena. We call it a program right now, 10 by 10, where we are trying to have the community relook the higher cost elements of weapons systems and redesign them over a long term to get those costs down.

Mr. SWEENEY. Thank you, General.

Thank you, Mr. Chairman.

Mr. DANIEL. Mr. Ray.

Mr. RAY. Thank you, Mr. Chairman.

General Noah, General Williams, it is mighty good to have you with us here today. I appreciate your testimony. I have just a few comments that I would like to make, and some of them are questions.

I would say that the man-year ceiling end strength that Mr. Whitehurst brought up, you know the Senate has only yielded for 1 year; worked with us in that respect. So we will need to work mighty hard.

If you are over there testifying, you need to tell them how well that is working now. We will try to emphasize it on this end.

General NOAH. Thank you, sir.

Mr. RAY. In the chart there, you had an item which dealt with student travel and other services. And I would like for you, if you would, to expand on that. But let me ask you another question or two so that I won't use up too much of my time in just listening.

Back in 1983, I visited one of the POMCUS sites in Germany. And you mentioned that you are strengthening your information and management and data system. It was my observation then that the organization of information needs to be strengthened, inventories and so forth in those POMCUS sites. I just wondered if you are working on it from that angle.

I guess my final question here would be: In your O&M account, do we have any leased equipment in there anywhere that we need to know about? I am sure you would have already pointed it out, but I just wanted to ask.

General WILLIAMS. Mr. Ray, I would like to respond to your questions.

First of all, let's talk about the POMCUS one first. You are correct when you say that more could be done for the management and the arrangement of that. You know that all of this is the function of the amount of funds we have available to handle and maintain these sites.

In this request, there is $122.5 million devoted to the upkeep and so on for these sites. But surely we could have probably more improved and enhanced inventory and accountability procedures.

As far as looking further at your earlier question which dealt with the leased equipment, I am going to defer to General Noah to answer that.

General NOAH. Yes. I think I would like to provide a more detailed answer for the record, if I might. But in the world of leased equipment, we are still complying with the congressional directive to buy such things as automated equipment.

I would say in the leased equipment area, you probably will find these more in the temporary mode, like a temporary employee that we need at the particular time. But if it is a permanent plant, we will go to a permanent plant. I would like to provide an answer for the record on that.

[The following information was received for the record:]

LEASED ADPE

The FY 86 OMA budget contains $85.3 million for lease of ADPE. This is a reduction of $45 million, or almost 35 percent, from what we spent to lease ADPE in FY 84 and reflects the Army's ongoing effort to comply with the language in the FY 84 Appropriation Act report which requires that leased ADPE be bought out over the period FY 84-88. In order to accomplish this buyout the Army has programed $195 million over this same period. These funds, along with the $30.9 million provided in FY 84 in the Defense Industrial Fund, appear to be sufficient to accomplish the buyout of those leases that make economic sense to buy and put us in a position by the end of FY 88 where the only remaining ADP leases will be those where leasing represents the lowest total overall cost to the government, or a conscious decision to "try before we buy" a particular item of hardware.

Mr. RAY. One other question that I had. I noticed that the troops who are stationed in Europe in particular are very much concerned about their students' children being able to be with them on Thanksgiving and Christmas. And I think that is a very fine thing.

What is your plan in the budget that is outlined in this respect?

STUDENT TRAVEL

General NOAH. We have funds in the budget that provide currently for the travel over and back to port of entry, and we would like to work a plan where we would get them to their home and back, which as I understand it we have on the civilian side of the House.

Mr. RAY. You are not restricted by congressional action from doing that, are you?

General WILLIAMS. No, sir. The only restriction is on the student traveling from Germany or from overseas to his or her home. But to the point of entry in the United States.

Mr. RAY. There is no known space available on military aircraft?

General WILLIAMS. No, sir. A ticket is provided.

General NOAH. A ticket is provided and funds are provided in the budget for that. But it is to the port of entry, sir; from the port of entry here in the United States.

General WILLIAMS. Let me paint a picture for you, Mr. Ray. Using myself as an example, when we were in Germany, my son could fly from Frankfurt to New York, and then it was his own responsibility to get from there down to see his grandparents in North Carolina.

General NOAH. Student travel is $1.7 million. That was authorized in November 1983 to provide one funded round-trip per year from overseas and return, for dependent college students. Previously, you are right, only space available MAC had been available, sir.

Mr. RAY. I think it is a fine program, and I support it.

Mr. Chairman, I have one final question here.

General Fox at Fort Benning, GA, told me that, because he ran a good shop last year, he wanted an extra $1 million for his O&M account.

Does that come under your supervision?

General NOAH. Actually, that, I think, is administered by the engineer, usually, for energy conservation. I had that happen to me at Belvoir, too, playground stuff and that sort of thing.

Mr. RAY. I think it would be mighty fine if we could see a good bit more of that in all areas, plus some penalties for mismanagement.

General NOAH. Thank you, sir.

Mr. DANIEL. Mr. Darden.

Mr. DARDEN. Thank you, Mr. Chairman.

General, I believe your proposed budget reflects, does it not, a credit of some $234 million which would result as a pay cut for civilian employees; is that correct?

CIVILIAN PAY CUT

General NOAH. Yes. We put in the budget a 5-percent pay cut, yes, sir.

Mr. DARDEN. And how many employees are we talking about that constitute enough to have $234 million?

General NOAH. You mean not have them employed?

Mr. DARDEN. First of all, how many employees are actually covered, total number of employees covered?

General NOAH. We have 330,000. The 74,000 civilian employees that are foreign nationals are not affected in this. So 330,000 U.S. employees across total Army.

Mr. DARDEN. In fact, the foreign nationals are actually getting an increase, are they not?

General WILLIAMS. I don't know of an increase, Mr. Darden. We could check on that. But I know they are not affected by the pay reduction.

Mr. DANIEL. If the gentleman will yield, the colonel behind us, I believe, has some figures on that.

Colonel, could you respond to that question of Mr. Darden?

Colonel WILLIAMS. Yes. There is an increase, an average of 8 percent. It varies by country and is negotiated by the State Department.

Mr. DANIEL. Is that required by the status of forces agreement?

Colonel WILLIAMS. Yes, sir, it is.

Mr. DARDEN. So, we are giving foreign nationals in many instances an 8-percent increase, and we are giving our American civilian workers a 5-percent decrease; is that correct?

General NOAH. That is what the figures say, sir.

Mr. DARDEN. Now, how many employees—and I realize this is rough; I am not looking for an exact answer—but how many employees could you reduce the force by and not reduce their salary, to cost the same amount of money?

General NOAH. About 21,000 for the total Armywide. Not just OMA. I am talking total Armywide.

Mr. DARDEN. Total Armywide.

General NOAH. MCA, and that covers the whole works.

Mr. DARDEN. So to be at the same place budgetwise, you would have to reduce your civilian force by 21,000 people?

General NOAH. For no increase in pay.

Mr. DARDEN. For no increase in pay.

General NOAH. If that were the way that Congress chose to do it.

Mr. DARDEN. Assuming that Congress chooses not to reduce these civilian employees by 5-percent, where would you make up that $234 million?

General NOAH. That is a hard question to answer, sir.

We have a budget that we have presented and I think the places I would probably have to cut are the same places that I discussed previously. If I were given an allocated cut I would have the choice of looking at what I mentioned before. We would have to look at it, sir.

Mr. DARDEN. Let me suggest to you, General, that in my opinion, the consensus in the Congress seems to be that we are not going to reduce our civilian pay by 5 percent for persons employed by the Department of the Army. I certainly will not support this 5 percent decrease for the reason that I know any employees of mine I would never reduce the pay unless I wanted them to resign.

I think it is an unnecessary action for the Army to take. I understand you are under instructions from higher up. But I would suggest to you that I think you need to keep that in mind because you anticipate this particular $240 million item being available to you. That is only one action. I just wanted to make that clear, at the present time. Thank you, sir.

General NOAH. Thank you, sir.

Mr. DANIEL. Mr. Nichols.

Mr. NICHOLS. Thank you, Mr. Chairman. I can't let Mr. Darden's objection go by without saying amen to it.

General, you don't really believe that this Congress is going to cut civilian pay by 5 percent, do you?

General NOAH. I have not discussed it in a positive sense with my wife at night, no, sir.

Mr. NICHOLS. Let me say in all sincerity, you say you have not started looking at it. You better start looking at it, because they may freeze pay, and I may help them freeze pay, but when you are talking about reducing the civilian pay, that gets into some real problems—with not only the committee, Mr. Chairman, but with another committee of the Congress, the Post Office and Civil Service Committee. Realistically, I just don't think that is going to be done.

Let me talk to you, if I might, about the matter that Mr. Daniel knows about, and we have talked about, and that is the civilian end strength. I understand the Army plans to maintain an active duty end strength of about 780,000 people for the next few years. Of course, I guess at the insistence of this committee we were able to get through a move to remove manpower ceilings for 1 year, was it, Mr. Chairman?

Mr. DANIEL. That is correct.

Mr. NICHOLS. I wasn't here when Mr. Whitehurst asked his questions, but I hope it is working out in the interest of the military as we thought it would.

General NOAH. It is excellent, sir.

Mr. NICHOLS. I understand the pressures you are under to keep civilian manpower level since we are on a 1-year trial basis and

there will be some people looking at you to keep that figure under tight control.

How many changes in contract might be anticipated in fiscal year 1986? Is it going up, is it going down or how do you see the approximate number of contract people? If you have got to keep the civilian people on a tight rein it would seem to be there is a temptation to contract more stuff out, is what I am saying.

CONTRACTING OUT

General NOAH. There always is a need to look at it, sir. But it doesn't have to go contract. Let me talk a little bit about that.

First, the commercial activity study business is onerous because it places the target employee, and you know this better than I, sir, in a competitive position right off the bat. We find around a 15-percent capability to tighten up our staffs that go through this CA process.

Sometimes it goes into contract, sometimes it doesn't. We would hope it doesn't for the employee's sake. From a personal viewpoint, too, frankly.

But when you look at it we have had savings in the past. We have tried to shift those spaces with the people themselves, when we would go to contract.

We have found that to be useful, certainly first for the Government, but keeping ever mindful of exactly where we are doing that, and certainly what we would like to keep in-house, as you know.

Mr. NICHOLS. I know on page 5 of your statement you indicate that the decision to hold Army manpower at current levels will result, you say, in continued growth in contracts from the private sector. Just what types of contracts are you referring to and what areas are you looking at in the current 5-year plan, or what growth there may be?

General NOAH. I would say the growth that we would project, would probably be around 4 percent, but as you are well aware, sir, we do not project the specific growth for the area we are looking at. Whether it is on-post in an engineering context or in an audio-visual context or in a maintenance context, we do not know if it is going to go contract or not.

In fact, you will find that we put our money in the budget so that it may go to contract, or it may not. We don't try to preguess that.

Mr. NICHOLS. You envision, you are looking in the crystal ball without any guarantee that it would not exceed 4 percent?

General NOAH. That is about right, I think. I would say that.

Mr. NICHOLS. Thank you very much.

Mr. DANIEL. The Chair apologizes to the gentleman from New York, Mr. Martin, and yields him 10 minutes without objection.

Mr. MARTIN. Thank you very much, Mr. Chairman.

General Noah and General Williams, thank you. The chairman is very kind to me.

Since I have been on this subcommittee I find it fascinating, and I am learning quite a bit. But I just can't, for all his tutelage, follow the bottom of page 3, the $270 million you are talking about as far

as transferred funds, environmental restoration, and the like. Can you try to explain what that is?

ENVIRONMENTAL RESTORATION FUND

General NOAH. OK, sir. In the appropriation last year I had no environmental restoration funds. In fact, they were taken out by the Congress. This year they were moved into OMA from outside, a brand new set of funds and missions from the Department of Defense. DOD asked us to take those funds, and since the Corps of Engineers does a good job of that to use them, sort of like EPA has done with the corps in the past.

Another item that I have as a transfer is an investment expense change. Right now, Mr. Martin, when we buy a piece of equipment, if it is $3,000 or more it automatically falls under Other Procurement Army, which is in an appropriation other than what this committee is looking at right now. You look at it in another sense, as procurement.

We have gone to a different criteria when an investment item means it comes out of procurement, or it come out of expenses when it can be bought at a local level. It is a management tool, not dissimilar to the civilian end strength tool, in my view, where the local commander can make a choice and buy locally.

We think it will speed up the capability to buy local items such as automatic data processing equipment, or light engineering equipment, and so on.

Mr. MARTIN. In effect, this is an accounting change that reflects itself in the budget this way.

General NOAH. That is correct, and there are others that shift in and out in the same way.

Mr. MARTIN. With respect to the comment that the gentleman from Alabama, and the gentleman from Georgia made, which I agree with, the prospective 5-percent civilian cut. I want to make sure we all understand that is something that is far beyond your control, or anybody's control, because that is mandated by the administration, that this is one of the presumptions you will take into account.

Isn't that correct?

General NOAH. Yes, sir.

Mr. MARTIN. You don't have a lot of flexibility as to whether or not to crank that in, that was a given.

General NOAH. That is correct.

Mr. MARTIN. Governmentwide?

General NOAH. Yes, sir.

Mr. MARTIN. The same is true with the status of forces agreements, I understand, in as far as the perception that you are going to beat up on our Federal employees and display our largess with the foreign employees.

General NOAH. That is correct.

Mr. MARTIN. That is beyond your control and planning, but you will have to react to when we change.

General NOAH. Yes, sir.

Mr. MARTIN. All right. Yesterday, at a military installations and facilities hearing we had the Corps of Engineers—this is slightly

parochial, but I think we are all interested in it—to the priority given the Army and light infantry divisions. The general pointed out that over the course of the next month or 6 weeks, particularly with respect to Fort Drum they were going to be coming out with some plans of possible innovative financing in the wish to get this division on line as soon as possible. Is this something that your shop deals with as well?

FINANCING AT FORT DRUM

General NOAH. Yes.

Mr. MARTIN. You are involved in that?

General NOAH. Yes, sir.

Mr. MARTIN. I would assume that perhaps yourself, or General Williams, or somebody would be back on that, I think the 17th, is it, we will have a hearing on light infantry division.

General NOAH. Yes.

Mr. MARTIN. It is probably premature to talk about that.

General NOAH. It may have been mentioned yesterday. My Deputy, Dr. Harry West, is working that issue. We are going to have to go to the Secretary of Defense first and OMB, to let them review our proposal before we come over to Congress, but we intend to move along on that proposal.

Mr. MARTIN. Second, with Dr. West, he is where the connection is as far as your shop?

General NOAH. Yes.

Mr. MARTIN. In one other area, the continuing education of this member on readiness, and again it comes up in a parochial context, but it is something I just don't understand. It is my understanding that the Army has withdrawn funds for the accounts in this area, I don't know if you are aware of that or not, and I don't understand the reason for it.

But what I don't understand even more is the entire makeup between appropriated and nonappropriated funds as it relates to commissaries and that type of function, and why under one set of circumstances they would be appropriated and in another circumstance it would be nonappropriated funds.

I wonder whether in that specific case, which I can talk to you about later and get the information later, but in general, could you explain under what circumstances one would be built with appropriated funds and one under nonappropriated funds?

General NOAH. Yes, sir, in fact, it extends beyond the commissary. It extends to areas we call MWR (Morale, Welfare and Recreation), NAF (Non Appropriated Funds) facilities that would be administered in our case by the family action support center, by the commissaries, and, of course, by the Exchange, and AAFES (Army, Air Force Exchange Service).

If we have a discretionary change within the services where we wanted to move from here to there and it was within the services to build a facility or change or modify a facility, either, normally we go about doing that with funds that are generated within the operation of the facility, either AAFES or the surcharge at the commissary.

However, the policy is not that clear. It has been different, certainly, between the committees as to what would happen if we have a new mission established such as Fort Drum or some of the

elements we have in Europe, where you would require a move of a unit where an existing facility is, and you move to a new area, and you would have to build a new area, a new facility there to do that with surcharges or AAFES profits or whatever have, whether that is appropriate to do it that way or with appropriated funds is a—has been a question in the past.

Needless to say, to release more funds for those facilities for the improvement and morale, welfare of the troops, we would like to see appropriated funds participate in that.

Specifically, in the commissary at Fort Drum that is a special case. We are trying to put up a facility there fairly rapidly, and under the terms that you have referred to, of our new financing and so forth, we feel that it is better in the Army to consider putting that one up with the surcharge, and the same with the AAFES right now. Hence, we withdrew——

Mr. MARTIN. Is that appropriated or nonappropriated?

General NOAH. The surcharge is nonappropriated. It is within the commissary.

Mr. MARTIN. That is your purse?

General NOAH. Yes; it is a different accounting system than AAFES is. But we preferred to do it that way, especially, as I understand this new financing scheme, that we are approaching right now. It would give us a new commissary earlier. So we have withdrawn requests to design. It wasn't in the budget in the first place except for this year, but the request to design for it was.

Mr. DANIEL. Would the gentleman yield to me on that point?

Mr. MARTIN. Certainly.

Mr. DANIEL. We have a running discussion on the MWR Panel and some of the appropriation committees on how these funds would be used. It is the view of this committee, of this panel, rather, that we shouldn't take soldiers' and sailors' money to build a lot of these facilities that the appropriations committees want to fund.

So they have made exceptions. For example, the one at Como, Italy, we made an exception where we did go ahead and approve it because they had a situation where the people were moving in there and there were no shops, and they wanted to expedite that.

But I wish the gentleman next week would discuss this with me, perhaps we might be able to give him some assistance.

Mr. MARTIN. Well, I certainly will.

General NOAH. What I didn't say is that we come to the committee, they are the approval for anything, we do.

Mr. MARTIN. I thank the General. Good seeing you again, General Williams. I will take the chairman up on his kind offer and I assume that discussion wouldn't increase any tuition?

Mr. DANIEL. Not all all. No excess fees.

General NOAH. I may go with you, sir.

Mr. DANIEL. Mr. Hutto.

Mr. HUTTO. Thank you very much, Mr. Chairman.

General, Mr. Nichols talked some about the commercial activities and contracting out. I would like to ask a little more about that, particularly the A-76 program.

This subcommittee, and indeed, I guess the full committee, has looked rather skeptically at some of the contracting out realizing

there are some things that rightly should be contracted out. But there are other things that probably shouldn't be.

I would like to have your assessemnt of what you think of this program. Is it working? It appears to me that in contracting out certain base operations, certain services, that the base commander, more or less, loses control of his base, and then, too, we hear of sometimes shoddy work being done and difficulty in getting rid of contractors.

I would like to know what your assessment is.

A-76 PROGRAM

General NOAH. The areas that we look at for contract support is some that the civilian sector normally uses, sir, data processing, for instance, drafting and audio-visual services, facility engineering, clinic dispensary functions, airfield operations, administrative telephone services, and central supply. Base security, where that is authorized, we are not replacing right at the current time, nor the firemen, and other base operations support.

Sir, I started into this contract business in 1978 when I was the resource manager with the Training Doctrine Command [TRADOC]. When we were in early stages, it got a bad name, a bad start, and we were trying to do what we thought was right. When I was commander of Fort Belvoir, VA, I was right in the middle of it down here.

Now I administer the program. I feel that it is certainly a program that has not been handled as well as it should have been in the past. We are in the process now with Mr. Shannon the new ASA [IL] of coming up with what we consider to be a better program. We hope it will be a fairer program.

Certainly one of the things we have been plagued with is changes in the way we go about the program. As soon as one of the changes is made in the way something is judged, it affects the program. I hope we don't have that sort of thing again in the future.

It is a program which deserves a great deal more attention by the Department of the Army, and we have been criticized by our own IG, and we have taken his advice into account and we are proceeding with that.

One of the things we are doing is putting out a standard contract which is working. In the business of contracting, perhaps you gentlemen know better than I, if you write up a proper contract that tells the people what you want them to do, with the proper clauses in it, it will perform well for you. Since I am in the Corps of Engineers I certainly feel that way for construction. You can do that in service contracting.

We have not been good at that in the past. There are certain areas you don't want to contract out and most of those you will argue back and forth about, and with due cause, either choose or not choose to do that. We are trying to use it as an efficiency tool now, not as in the past, when everybody was going out to contract.

Mr. HUTTO. Late last year the subcommittee staff went out to look at the status of the Army's commercial activity on contracting out, and what they learned was pretty disturbing. It seems the success the Army has had in implementing the program is largely due

to the dedication and initiative shown by the local military and civilian managers. They were uniformally dissatisfied with the quality and level of support available from the major command headquarters and the Department of the Army.

Under the best of circumstances the commercial activities program imposes a healthy burden on installations, and I believe that they should have the maximum amount of expertise and support available to them in carrying out these difficult management studies and cost comparisons.

So, I guess maybe you have partially acknowledged this but the question is, what is the Army doing to address these specific concerns and how is this reflected in the fiscal year 1986 request that is before us.

General NOAH. The Army, for instance, is now trying to put at Fort Drum a capability there to contract certain services and not have to go back and study it, to contract right now.

For instance, in November, we authorized the formation of what we call a field operation agency, which is an agency of about 40 folks with the proper capability, foreman's work statements, and which we draw up a contract to know exactly how to administer the services.

We put that with forces command in Atlanta, and that is a sample of what some of the things we intend to do. We intend to increase our capability of contracting at DA. We are in the process now answering some of those criticisms.

Mr. HUTTO. Thank you, sir.

Mr. DANIEL. Does the gentleman from New York object to the gentleman from Florida assuming 3 more minutes?

Mr. MARTIN. Certainly not. Give the gentleman 3 minutes.

Mr. HUTTO. Thank you, I appreciate the gentleman from New York not objecting.

I would like to follow through on some earlier comments about CHAMPUS. I was just coming into that now. I know that Congress directed a few years ago that we try to make increased use of our military hospitals to ease the burden on CHAMPUS. The pilot program lasted a year or so, where you would have to go to the military hospital and get the waiver or whatever it is, the exception.

USE OF MILITARY HOSPITALS

General NOAH. Certificate of nonavailability.

Mr. HUTTO. That is it. The certificate of nonavailability before you can go to a civilian doctor. Have you seen much change, or are more retirees, and so on, being treated at military hospitals now? What has been the effect of that program?

General NOAH. I don't have the exact numbers, sir, but we do have a larger number coming into the hospitals now, and our survey results show we have a reasonable rate of satisifaction with the quality of care, 65 percent of them are active duty, 77 percent retired.

We are putting money, as I have said, into our budget this year, for instance, I have $12 million in the personal services contracting, that I mentioned earlier, that we are putting into the hospitals to build those capabilities up, to take people off CHAMPUS.

We also have some discussions proceeding with the folks at OSD and with the CHAMPUS folks to try to pull more into what we call the catchment areas and utilize our facilities. I don't have a measure on that now, further than what I have told you.

Mr. HUTTO. If the gentleman from New York would further withhold his objection, I have one more question.

Mr. MARTIN. Without objection.

Mr. HUTTO. On the spare parts issue which has been so much in the news, and disturbing to all of us, because if we lose the support of the American people for defense then we are in trouble. A lot of people who are considered hawks are very supportive and have been looking at the money they are wasting, and we can't believe some of these high-priced items, coffee pots, toilet seats, and claw hammers, and things of that nature.

It is my understanding that the services have had, what I would say, archaic accounting systems where you put into a pot, and tank, and a coffee pot, or something and give them an inflated value, I hope we are getting away from that kind of thing. I hope we are updating our accounting system and automating it, and of course I can know through the work of the gentleman from Alabama, through legislation passed last year, we have tried to put stricter controls on that.

I would like to have you comment on that, if you would.

General NOAH. Yes, sir, we are. We are also looking at ourselves with a hotline which maybe previous witnesses in other hearings have commented on, but we have a hot line into the headquarters which people can call in and give us outrageous prices, which they do. I don't know of any recently.

I haven't talked to General Register but I am sure he has examples where people come up with an outrageous price on a piece of equipment that they could go downtown and buy for much less. This situation will be corrected right away. I am not familiar with the exact accounting changes being done in the stock fund there, but I am told in the discussions that they are happening. I have not seen them with my own eyes yet. Let me put it that way.

Mr. HUTTO. But the accounting system is being changed, isn't it?

General NOAH. Yes, sir. I would like to put that in for the record if I could.

Mr. HUTTO. Please do.

[The following information was received for the record:]

SPARE PARTS ACCOUNTING SYSTEM

The Army Materiel Command's analysis of the procurement of space parts indicated that excessive prices paid were attributable mainly to contractor accounting problems in both the direct and indirect areas.

To alleviate the distortion of spare parts prices caused by the misallocation of overhead, the Army Materiel Command issued a policy letter in November 1983 requring overhead to be allocated to each spare part based on its cost and not evenly to each line item. This policy has been adopted by the DoD and a proposed change to the Defense Federal Acquisition Regulation to incorporate this change has been proposed.

In the area of direct costs, the Commander, AMC has directed that a new Cost Accounting Standard, prohibiting charging direct labor to spare parts when no direct labor is used, be developed and presented to the DoD Cost Accounting Standard Policy for consideration and possible promulgation.

Other initiatives implemented by the Army Materiel Command to prevent overpricing include approval of price increases over 25% per annum by the head of the contracting agency, and developing independent Government estimates of the price an item should cost, or conducting an analysis on items to determine whether the price is fair and reasonable.

Mr. DANIEL. Does the gentleman from Ohio have any questions.

Mr. Kasich.

Mr. Nichols.

Mr. NICHOLS. Mr. Chairman, could I make an observation?

Mr. DANIEL. Of course.

The gentleman from Alabama.

Mr. NICHOLS. Mr. Hutto raised a question about contracting out, and I don't want to dwell on it all this hearing, Mr. Chairman, but there is feeling among a lot of people, civilian employees, that frequently companies buy in, you know what I mean?

General NOAH. Yes, sir.

Mr. NICHOLS. OK. Let me give you a little situation that you are familiar with, I am pretty sure. Two years ago the Army asked for bids on communications, switchboards, for all the Army installations, I believe, in our region down in Alabama and Georgia, and so forth. There was competition in it and the in-house people did not get it. It was awarded to a private company with no question about it. They were under the in-house bid, and so forth. Well, there was not a big loss in manpower.

I believe, 8 or 9 or 10 people, probably, for the average Army installation. But now 2 years afterward this company comes in and says, "Hey, we are asking for"—as I recall it now—about three-quarters of a million additional dollars. "We are entitled to cost-of-living increases from the time that we bid until the time it was let"—perhaps that is included in the contract, I don't know.

There were some switchboard facilities and lines that were in poor condition and they claim they had to have additional people to do this. But a lot of questions had been asked of me about that situation. I just want to caution you if you will to take a good look at not necessarily this particular contract—I won't mention the name of the company—but on that practice in general. Sometimes companies have been known to intentionally underbid knowing they cannot do the work with the expectation of add-ons and change orders that will put them in the profit margin, however, they can bid that way. I just ask you to look at that.

General NOAH. I appreciate that, sir. In the capability of that contracting element we have, which, incidently, we are recognizing and trying to build up the grades quite a bit higher there, we will take a look at that even more so.

Mr. NICHOLS. Thank you, Mr. Chairman.

Mr. DANIEL. The gentleman from Ohio.

Mr. KASICH. One question, Mr. Chairman.

General, we had a presentation from DOD, there was a recommendation that we transfer about $530 million worth of items from the procurement account to the O&M account. I wonder, first, how are you impacted by that in terms of dollars, and second, on the basis of those dollar figures can we determine under the reporting requirement that you are mandated to operate under what you are actually using that money to purchase?

TRANSFER OF FUNDS

General NOAH. Yes, sir, the amount to be transferred will be $164 million from OPA to OMA. The items before were in the procurement account, listed item by item, each now will be locally procured, but it will be locally procured only on the authority of what we call a consolidated table of allowances or a table of distribution of allowances, and it is under a supply accounting mode. And, as you know, that transaction will still be recorded and available.

So it will give the local commander more flexibility but it will not be by a specific line item by line item. It is more of a management flexibility at the local level. But I do account for it.

General WILLIAMS. Permit me to add on to General Noah's testimony.

In addition to keeping clear visibility of what was in the procurement account and now in the O&M account we have traced this into the subprogram. So, you know exactly what came from the procurement and where it is located now in the O&M account. So, I think we have greater visibility, and obviously, control over these very delicate moneys.

Mr. KASICH. So the local commanders will tell you, rather than you saying you can use *x* percent of this money at this base, that won't be done on that base. They will have to come to you and say we want to buy *x* trucks, or *x* lawnmowers or whatever, and this is what we will do, and this is what we are going to use the money for, or is there a formula?

General NOAH. The subprograms are the accounts that General Williams was talking about. The numbered accounts in the Army are there in chart D.

BUDGET PROGRAM

[Dollars in millions]

	Program	Fiscal year 1985	Price growth	Program growth	Fiscal year 1986	Total change	Percent program growth
2	General purpose forces	$3,215	−$69	$223	$3,369	$154	7
3	Intelligence	243	4	12	259	16	5
3	Communications	857	24	52	933	76	6
7	Central supply	2,385	506	112	3,003	618	5
7	Maintenance	2,255	−73	151	2,333	78	7
7	Environmental restoration	0	0	128	128	128	
8	Training	1,072	−5	60	1,127	55	6
8	Medical	1,229	−14	59	1,274	45	5
8	Other personnel activities	612	10	42	664	52	7
9	Administration	925	5	104	1,034	109	11
10	Support of other nations	187	7	−1	193	6	−1
11	Base operations (−)	2,820	3	142	2,965	145	5
12	Base operations (RPMA)	2,804	51	54	2,909	105	2
	Total	18,604	449	1,138	20,191	1,587	6

CHART D

Mr. KASICH. I think that will do it. Will we know within those categories, for example, if they say we spent $15 million on communications, will we know as a committee, or will you know as overall

chiefs here, that they use the $15 million to buy *x* number of phones, or this switching equipment, or whatever, or will it be listed out just as $15 million on communications?

General WILLIAMS. Our execution process will police, that and in our detailed justification book we have delineated these amounts for you, so that information is before the Congress on the amounts, and of course, our execution process will police and insure that that is adhered to.

Mr. KASICH. Thank you, Mr. Chairman, I don't mean to belabor this but let me go back to communications. I understand you will break out $15 million for communications, or medical or training or whatever. Will we know that comprises that total cost?

General NOAH. You mean so many micro-computers bought, and so forth?

Mr. KASICH. Yes, or will we just see the broad category. I think the way it happens now. If they want to go into communications or something, or physical improvements, then it actually is listed out as buying a drill press, versus physical improvements. You don't know what it is, under the proposed system.

General NOAH. We can go to any reasonable detail. Let me tell you what is happening now. This is under base-level commercial equipment, we call it BCE. If you look at these accounts you will see I am performing miserably. The reason is because the procurement accounts other than perhaps one or two commands, well, one, the Army Material Command. For some reason I don't perform well with procurement funds in the other account arena, such as the area down in Atlanta, FORSCOM, or TRADOC down at Fort Monroe.

Frankly, sir, it is sort of a clumsy move back and forth to try to get those in the procurement accounts. We find that OMA will give us a much better capability to buy those, and I am sure we won't lose track of where those items are. But right now I am not sure even in OPA accounts that it would be useful to track any more than what you have now. I think it should be satisfactory, what we have. We like it.

General WILLIAMS. Let me add one other comment to General Noah's testimony, the items are, in fact, in our local commander's request up through the system to us. He tells us specifically what he is asking for. That is one of the real good advantages of having this done at the local level. So we keep visibility that way.

These requirements then are adjudicated on by the Department of the Army saying good, bad, indifferent, and we know what is in the portfolio in order to build the budget. So, I think that answers your question whether or not we have visibility.

Mr. KASICH. That specifically does, thank you, General.

Mr. DANIEL. Are there any other questions?

Mr. RAY. Just one.

Mr. DANIEL. Mr. Ray.

Mr. RAY. General, what is the manpower strength that we have in the Guard and Reserve right now, approximately?

General NOAH. There are over 430,000 in the Army Guard and 240,000 in the Reserve components, right?

General WILLIAMS. Yes, sir.

General NOAH. They are almost up to active strength total, together. They will be increasing significantly.

Mr. RAY. Are we pretty short on equipment for the present troop strength?

General NOAH. We are short about 60 to 70 percent across the board in equipment. It depends on the unit. For instance, I think it is the 48th Brigade in the Georgia Guard, will receive M-1 tanks this year. They are pretty well up to strength because they would deploy with the 24th Division. Lower priority units generally have greater in equipment shortages.

Mr. RAY. What percentage do we need to increase these two now to reach your goal?

General NOAH. I would like to lay that out for you in the record, sir.

[The following information was received for the record:]

EQUIPPING THE RESERVE COMPONENTS

The Reserve Components still have shortages of equipment which would adversely impact on the ability of units to deploy upon mobilization. The Reserve Components were equipped at the end of FY84 at 59 percent of its requirement of major items. This equates to a $12 billion shortfall. This shortfall breaks out to $9 billion for the ARNG and 3 billion for the USAR. Current projections show over $2.8 billion in equipment distribution going to the Reserve Components in FY85 and FY86. This equates to approximately 1.4 billion in FY85 (over 1 billion to the ARNG and over 300 million to the USAR) and approximately 1.4 billion in FY86 (approximately $1.2 billion for the ARNG and $200 million for the USAR). Approximately 50 percent of the equipment distribution will be from new procurement.

Mr. RAY. The point I am after is we are looking for men but we will be short on equipment, right?

General NOAH. Say that again, sir?

Mr. RAY. We are going to increase the strength but we are still going to be short on equipment, right?

General NOAH. In a complete mold, yes, but we have a program to proceed toward that which we have been working on in the department for some time.

Mr. RAY. Thank you.

Mr. DANIEL. Any other questions?

If not, General, we have some additional questions which we will ask you to respond to for the record.

General NOAH. I would be happy to.

[The following questions were submitted to the witness to be answered for the record:]

CBO RECOMMENDATION

Mr. DANIEL. In a number of its recent publications, the Congressional Budget Office suggests that sizeable reductions can be made in the O&M request without impairing military capabilities or readiness. This suggestions is based on CBO's defense resources model which measures the level of effort to support current and projected equipment inventories, force structure, and facilities. In the Army's case, this would involve approximately a $600 million program cut. What impact would such a reduction have upon the Army and how do you respond to the CBO analysis?

General NOAH. A reduction of this magnitude to the Army's O&M request would seriously impact the Army's Force Modernization Program. This program represents 65% of the real growth in this budget submission. Our ability to field and operate the equipment purchases in FY 1984 would be impaired. Other new programs such as the Family Action Plan would have to be postponed or, worse, eliminated. The improvements we have made in BMAR reduction, trainings, and POMCUS support would be jeopardized.

I cannot agree with COB's conclusion nor their logic.

FORCE MODERNIZATION

Mr. DANIEL. Over the past five years, the Army's Force Modernization Program has experienced the highest growth rate of any major O&M program. For example, between fiscal year 1980 and fiscal yaer 1985, it has grown from $27 million to over $2 billion. In view of the likelihood of significant procurement reductions during Congressional budget review this year, how would those cuts translate into savings in the fiscal year 1986 force modernization request?

General NOAH. The FY 86 Force Modernization Program pays for the fielding and sustainment of equipment already procured and fielded or scheduled for fielding during FY 1986. The program generally reflects operating and support costs for equipment procured with FY 1984 and prior procurement appropriations and fielded through FY 1986. Systems are fielded on an average of 24 months after appropriation of procurement funds considering the various procurement and administrative lead times. Reductions to the FY 1986 procurement request will begin to show force modernization savings primarily in FY 88. There are no savings in FY 1986.

POMCUS

Mr. DANIEL. On page 14 of your prepared statement, you mention the fact that the Appropriations Committees have placed restrictive language constraining the fill of POMCUS Division Sets in Europe., What is the impact of these restrictions and can you cite specific instances where they might significantly degrade the readiness and capability of reinforcing units.

General NOAH. An initial analysis of all items required for the 5th and 6th Division Sets has been completed. HQDA will restrict POMCUS authorizations for those major items which do not meet the 70/50 restrictive criteria.

Examples of critical combat item shortages are the Improved TOW Vehicle (M901) and communications equipment. Shortages of trucks also impact on unit support capability.

Shortages of these type items in DS 5&6 also increase strategic mobility shortfalls because deployment critical equipment which is not prepositioned will have to be shipped by air or sea upon deployment of the unit.

DEPOT MAINTENANCE

Mr. DANIEL. The chart on page 15 of your prepared statement shows that the Army request almost entirely funds Army depot maintenance requirements of $1.7 billion, leaving only a backlog of $11 million. Last week the subcommittee learned that the Navy was projecting a backlog for depot maintenance and mod installation of nearly $600 million. Nevertheless, testimony indicated that Navy readiness has never been higher and is approaching its service objectives. This being the case, would it be possible to increase the Army backlog to, say, $100 million without significantly impairing materiel readiness?

General NOAH. No. Either materiel readiness of existing systems or support to force modernization, which also contributes to readiness, would be adversely impacted. The Army Depot Main enance Program is defined and funded in balance with the Army's plans for modernization and equipment density. Depot maintenance requirements could only be decreased by a change in these driving factors, which if directed, would also decrease readiness.

The FY 1985 Congressional increase for depot maintenance recognized the need to provide readiness enhancement by decreasing backlogs. The FY 1986 President's Budget continues this posture. A $100 million reduction would be a step backwards.

Backlogs among the Services should not be compared on a dollar basis alone. The Army and Air Force backlog posture each approximates 1 percent of the respective Service programs. Further, about $80 million of the Navy problem is concentrated in one submarine overhaul. Such a shortfall in the Army program would have a much greater impact in terms of numbers of equipment items and numbers of fighting units adversely affected.

A $100 million backlog would necessarily impact broadly beyond the few non-Force Modernization end items now unfinanced. In order to retain some balance in terms of supply availability and readiness, some components and modernization items would be unfinanced in aircraft, combat vehicle and missile areas. This would degrade readiness.

BMAR (REDUCTION ASSUMPTION)

Mr. DANIEL. General Noah, on page 17 of your prepared statement, you indicate that the Army's Backlog of Maintenance and Repair of Real Property is projected to decline by $27 million and will approach the Congressional containment level established in 1978. I understand that this reduction is based on some assumptions relating to the desire of contractors for this work and currency exchange rates. Would you elaborate on these assumptions and how realistic they are?

General NOAH. The $27 million reduction in OMA BMAR projected for FY 1986 is based on certain assumptions related to the economy. One of these assumptions, cost advantage amounting to $50.6 million, is based on the experience of the past two years where contractor's bids have been lower, on average, than government estimates for maintenance and repair projects. The cost advantage experienced in 1984 was about ten to twelve percent of the amount spent on all projects Army-wide. With economic conditions changing and government estimates being lowered based on experience, the cost advantage assumed in 1986 is down to about five percent of the projected contract amount for maintenance and repair work. This is thought to be a realistic projection. Another assumption is that the currency exchange rate in Europe will be more favorable to the U.S. in 1985 and 1986 than in 1984. The exchange rate for budget preparation was 3.22 DM/$ in both 1985 and 1986 compared to 2.71 DM/$ in 1984. This change resulted in repricing the carryover BMAR downward by $129 million at the beginning of FY 1985. Since obligations of OMA dollars will be at the fixed rate of 3.22 DM/$ and compensation for variances in outlays are covered by the current fluctuation account, this repricing has no effect on execution capabilities.

BMAR DECREASE

Mr. DANIEL. General Noah, is going through the O&M backup material, it appears that the Army is the only service whose request projects a decrease in the size of the Backlog of Maintenance and Repair of Real Property (BMAR). For example, Navy BMAR has grown to approximately a billion and Air Force BMAR has grown almost 60% over the past five years. Why has the Army continued to place so much emphasis on BMAR reduction? How would you feel about Congress reducing the Army Real Property Maintenance request to bring it more in line with the level of effort in the Navy and Air Force request?

General NOAH. The Army continues to place so much emphasis on BMAR reduction because of the importance it places on improving living and working conditions of U.S. soldiers at military installations around the world. There is a direct link, albeit unmeasureable, between adequate facilities and readiness, soldier morale, and recruiting and retention successes. The Army is strongly opposed to reducing the level of effort in this vital program.

RELIABILITY CENTERED MAINTENANCE

Mr. DANIEL. The Grumman study observed that the Army still relies heavily on scheduled, or periodic, overhauls and perform standard amounts of work on equipment inducted into the depots. The study concluded that the key to reducing depot maintenance is to rely more on the conditions of the equipment and do only the work necessary to correct its problems. What actions does the Army plan to take on this point?

General NOAH. The Army's present policy for inducting equipment into depots for overhaul is based on the condition of the item and not on criteria such a miles driven or hours flown. The Aircraft Conditions Evaluation (ACE) and the Combat Vehicle Evaluation (CVE) programs provide for centrally managed inspection teams to visit field locations and inspect the equipment to identify items that require depot overhaul.

Mr. DANIEL. Programs to determine when overhauls are needed, such as the Aircraft Evaluation (ACE) and Combat Vehicle Evaluation (CVE), appear to be a good idea. These programs could be strengthened if reliability centered maintenance logic were applied to identify only what depot-level work needed to be done, and to use this as the basis for induction. Does the Army have any plans to begin applying reliability centered maintenance logic to the ACE and CVE programs?

General NOAH. The ACE and the CVE programs are the Army's implementation of the principles of RCM. Aircraft and combat vehicles are inducted into depot overhaul programs only when evaluation has determined that overhaul is required.

Mr. DANIEL. The Corpus Christi Army Depot performs a "Pre-Shop Analysis" on equipment after it is inducted but before it is worked on. The Anniston Army Depot

does not. The concept has merit in that the actual condition of the equipment to be worked on is established just prior to the work starting. Can this concept be applied at Anniston?

General NOAH. Anniston Army Depot requires that a pre-shop analysis be performed on all combat vehicles before work commences, when it is written into the Depot Maintenance Work Requirement (DMWR). The new specification (MIL-M-63041C) for preparing overhaul procedures contain the requirement for preshop analysis. All future DMWRs will be written to the above specification.

Mr. DANIEL. We want to express appreciation to you and your staff for coming today, and again I want to compliment those who prepared the charts—even I can understand them.

So, if there are no other questions the committee will stand adjourned until 2 o'clock next Wednesday, at which time we will hear from the Navy and the Marine Corps.

General NOAH. Thank you, sir.

[Whereupon, at 3:45 p.m., the subcommittee adjourned, to reconvene on Wednesday, March 20, 1985.]

NAVY/MARINE CORPS O&M

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Wednesday, March 20, 1985.

The subcommittee met, pursuant to call, at 2:40 p.m., in room 2212, Rayburn House Office Building, Hon. Dan Daniel (chairman of the subcommittee) presiding.

STATEMENT OF HON. DAN DANIEL, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. DANIEL. The subcommittee will be in order.

Today, the subcommittee continues its review of the fiscal year 1986 Defense operation and maintenance request with testimony from Navy and Marine Corps witnesses. We want to welcome back Vice Adm. Thomas J. Hughes, Deputy Chief of Naval Operations (Logistics) and Commodore Gerald Riendeau, Director, Operations Division, Fiscal Management Division in the Office of Chief of Naval Operations.

Commodore, I understand this will be your last appearance——

Commodore RIENDEAU. Yes, sir.

Mr. DANIEL [continuing]. Before the subcommittee, which we regret in a sense, as you are going back to the real world—and we commend you for that, and I expect you will enjoy that more—commanding the naval aviators, Mr. Whitehurst, down in your area, and in Tidewater, VA—God's country. We wish you every success in your new assignment.

Commodore RIENDEAU. Thank you very much, sir.

Mr. DANIEL. We want also to welcome back Lt. Gen. George Crist, Deputy Chief of Staff of the Marine Corps Installations and Logistics, for his second appearance before the subcommittee this year.

General Crist, we are glad to have you back, and I know from my experience that what is sure to follow is you are growing in those shoes and you will fill them fast.

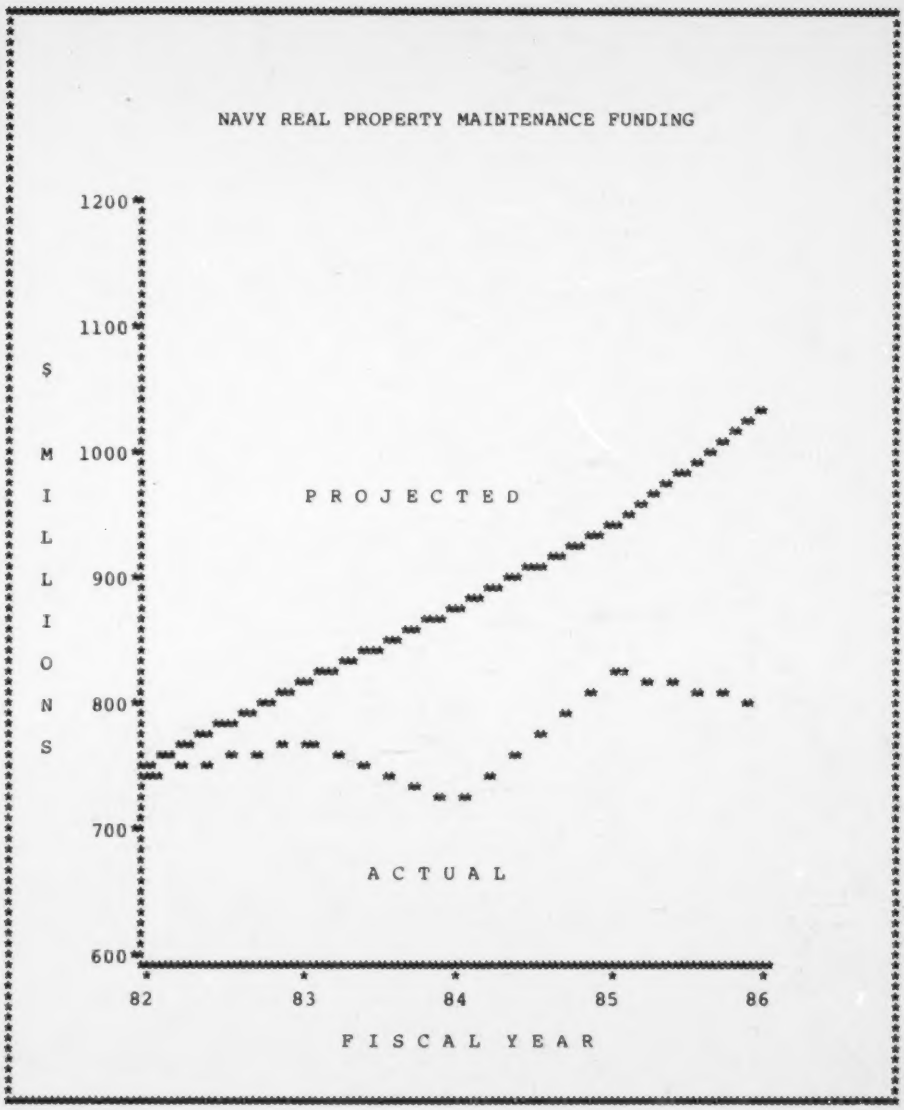
As I stated during the earlier hearings on Navy and Marine Corps readiness, the subcommittee continues to be concerned about the growing disparity between Navy investment and operating accounts—do you gentlemen have these charts before you?—the continuing migration of new funding responsibilities into the Navy O&M account and projections of growing Navy depot maintenance and real property maintenance backlogs.

I am well aware that O&M is a murky world where clear cause and effect relationships are difficult to establish, but I am becom-

ing convinced that there is a connection between those developments.

When former Assistant Secretary of the Navy George Sawyer testified on behalf of the financing of the capital costs of the TAKX vessels—out of O&M, he assured us that sufficient funding had been programmed in the Five-Year Plan to avoid any negative impact. Now, we are confronted with a Navy backlog of maintenance and repair of real property approaching $1 billion.

As the following charts show, BMAR has increased nearly 80 percent since 1982, and it is projected to be three times larger than Navy estimates provided to the subcommittee at that time. It is also suggestive that the difference in real property maintenance funding this year closely corresponds to the capital hire for those vessels.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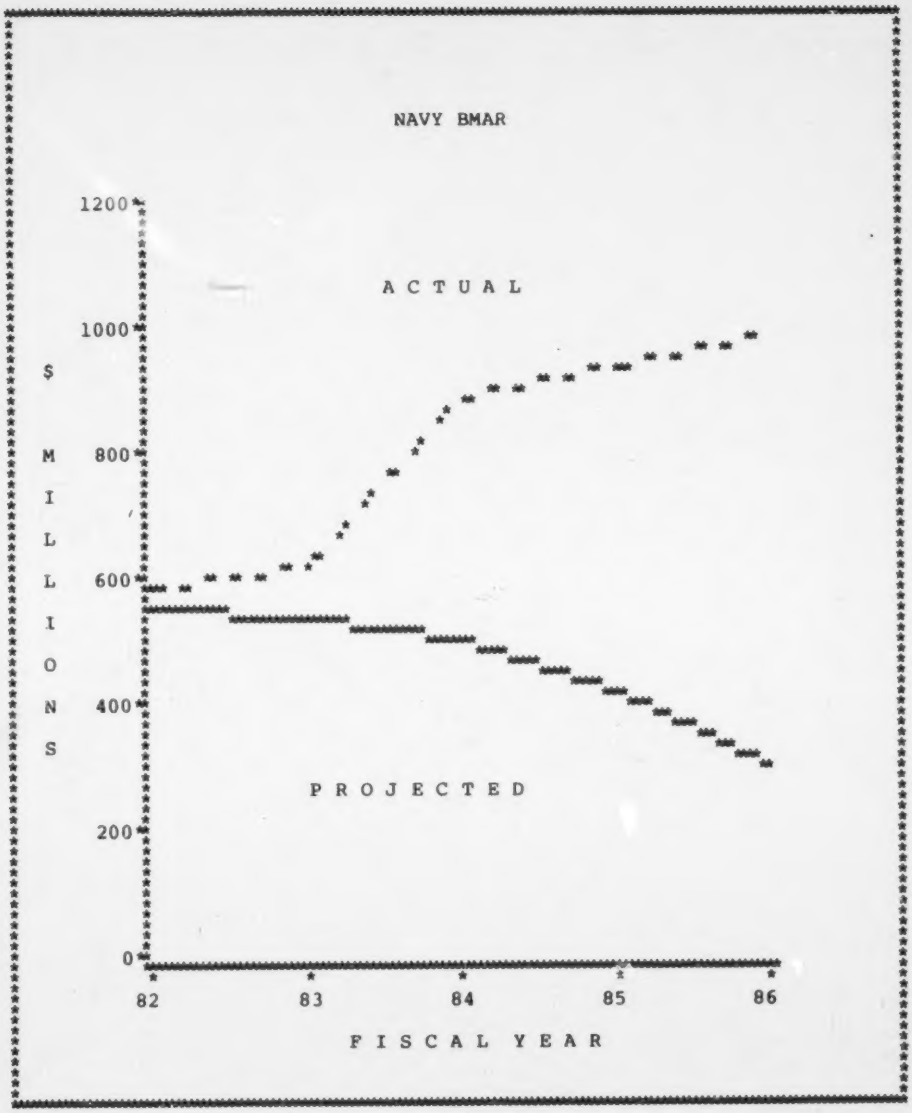
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Mr. DANIEL. During briefings on this proposed transfer of funding for the purchase of aviation depot level reparables from procurement to the O&M account, Admiral Giordano assured us that traditional O&M programs would not suffer. Yet, we find ourselves confronted with a backlog of depot maintenance and installation of modifications of nearly $600 million. While I recognize that OSD questions the validity of this backlog, it is difficult to be comfortable with a number that is 10 times higher than the Air Force backlog and 60 times higher than the Army backlog.

I want to stress that this subcommittee came into being to address a number of major problems associated with O&M. Two of the most important concerns were bringing the BMAR under control and achieving a zero backlog in depot maintenance. Our priorities are a matter of record and we intend to continue to put first things first.

What makes the Navy's failure to address these traditional problem areas over the past several years so disturbing is that we may have squandered a once in a lifetime opportunity. It is unlikely that we will again have the benefit of such favorable economic assumptions or such widespread congressional support of O&M. Over the next several years, I fear we will be hard pressed just to preserve the modest gains we have made. If anything, congressional pressure to reduce O&M funding to provide outlays for deficit reduction efforts is going to intensify. Under the circumstances, it is going to be hard enough for us to get future O&M requests over that tough terrain without well-intentioned efforts by the Navy or OSD to put a few extra rocks in our rucksacks.

Mr. Whitehurst, I know that you have something you want to say on this issue and you are recognized for that purpose.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, READINESS SUBCOMMITTEE

Mr. WHITEHURST. Thank you, Mr. Chairman. I would also like to join you in welcoming our witnesses. Admiral Hughes, it is nice to have you back. General Crist, this is not the first time this year; it is the second time. As I recall, we had a little chat when you were last here. And Commodore Riendeau, I think you are our biggest fan. It is your second appearance, and you testified, of course, several times last year. Also, as your new Congressman, let me take this opportunity to welcome you down to the Tidewater Area. Are you going to have a chance to do any flying while you are there?

Commodore RIENDEAU. Yes, sir, I certainly will.

Mr. WHITEHURST. You really will be getting back into the real world, then.

Commodore RIENDEAU. You must come visit me in a flight suit——

Mr. WHITEHURST. Admiral, I have avoided that in over 16 years and I am going to keep my record clean the last 2 years. You are not going to get me in one of those airplanes. [Laughter.]

I can't fix traffic tickets in Virginia Beach but I can do a lot of other things. You call me if you need me.

Well, gentlemen, since this is not the first time that any of you has appeared before the subcommittee I don't feel that I need to give you a lot of background on how this subcommittee, and me in particular, feels about the Navy's operations and maintenance account. Each of you know that we have very strong concerns. I think the chairman in his statement has made that very clear.

Admiral, when you and the Commodore were here last year, I don't know if you recall this, but I said that I hope the Navy did not intend to let the O&M account become the budgetary equivalent of Fibber Magee's closet. Unfortunately, that is exactly what seems to be happening. Each year since 1981 when we first began authorizing operations and maintenance, more and more areas have gotten stuffed into the O&M closet for funding.

Just as I said last year, I understand there is merit in most of these funding migrations. However, I also know that there were some pretty significant issues identified back in 1981 which served as the impetus for authorizing O&M. Two of those issues are still with us and are bigger dollar value problems today than in 1981. The two I am speaking of are the depot maintenance backlog and the backlog of maintenance and repair of real property.

I know we have put a considerable amount of money in those areas since 1981. I know we have a long row to hoe before those problems are solved. I just wonder if that row wouldn't be considerably shorter if we hadn't allowed other funding areas to migrate into O&M and thereby dilute the attention we could have focused on traditional operations and maintenance areas such as the depot maintenance backlog and BMAR.

I think it is interesting to note that the annual recurring costs of the migrations into O&M since 1981 equals $1.8 billion in 1986. And that is, by coincidence, the approximate value of the 1986 depot maintenance backlog and BMAR combined.

Gentlemen, I don't want my remarks to become an exercise in "what ifs." That is seldom very productive. What I do want is for your testimony and our dialogue today to put us on the right track, one which will lead us to the most productive decisions regarding our limited O&M resources.

Let us stop fooling around with things like funding migrations and get on with the business of designing an O&M budget which gets the job done in the most efficient way possible.

I thank you, Mr. Chairman, for that opportunity.

Mr. DANIEL. Admiral, before you start, let me read this sentence again, and I want all three of you to tell me what is wrong with it, if anything. And if there is nothing wrong with it, then please try to explain it to us because it is very befuddling to me that that is a proper term.

"While I recognize that OSD questions the validity of this backlog, it is difficult to be comfortable with a number that is 10 times higher than the Air Force backlog and 60 times higher than the Army backlog." Is that a fair statement? Is that a true statement?

Admiral HUGHES. Mr. Chairman, I don't know the figures of the other services, but BMAR has increased in the Navy, there is no doubt about it.

Mr. DANIEL. Well, can you tell the committee why? I mean why are we so out of sync with the other services insofar as these backlogs are concerned? What caused it?

Admiral HUGHES. Well, as in any reporting system, there is a problem of validity of the data. We have put more and more effort in the field toward more thorough inspections of our bases and, as a result, I think that one of the negative effects we face as far as data goes is you get more information on things that are wrong. So that sometimes, while we have been budgeting trying to correct some of the problems, they have been reported at a higher rate, than we could to correct.

Mr. DANIEL. Is it a bookkeeping matter? Is part of it a bookkeeping matter?

Admiral HUGHES. I think part of it is, yes, sir.

Mr. DANIEL. Is the bookkeeping different from the other services? Is that what accounts for part of it?

Admiral HUGHES. Well, the amount of inspection attention is different than the other services. I don't think it is intended to be, but we have put a lot of emphasis on that reporting.

Mr. DANIEL. Commodore, you have been with this problem for a long time. How about you responding to those questions?

Commodore RIENDEAU. Yes, sir, Mr. Chairman, I would be happy to. As a little background, I just came back last week from a swing through our training command. We went down to Texas, and Pensacola, to take a look at the bases. I will confirm what Admiral Hughes just said; the better we inspect, the faster that number goes up. But I also think that there is increased emphasis, and this is out of Admiral Hughes' shop, to clean up that BMAR number.

Let me give you an example. There is an air station that has a seawall. The seawall needs to be repaired because, it will stop the encroachment of the water. That is why we have a seawall there. But there happens to be behind the seawall quite a large expanse of old seaplane concrete parking ramp. What was carried at that air station on their annual inspection survey was the cost of upgrading that concrete ramp which will never again be used for parking aircraft. Now, I questioned that, and learned that the commanding officer had made a decision that if he is going to have that concrete ramp, then it ought to be in good condition.

I cite this as an example only to point out that we have to look harder at our inspections. And we are. We are looking with a more practical approach. In other words, if I have a building I know I am going to evacuate next year because I am getting Milcon to build a new one, some time along the line I ought to drop that off my backlog requirement. Because to me you can declare that building a strike, if you will, and say you can live with anything for that building for a year. And I know down in that particular command they are starting to take a look at buildings that way.

I would add only one other thing. You are right, I have been looking at this for 3 years. I am not sure we spend our money in the right areas. For instance, if we have a ship's pier that is essential for bringing ships in, we fix that pier. We have been applying our assets in the areas where we did not want readiness to degrade. If we are ignoring something, it is in nonreadiness areas.

So I don't know what to tell you about that number, except I think that the number will increase as we get more emphasis from the annual inspection survey. Another factor in our increasing BMAR, particularly in our training command are the many, many buildings that are pre-World War II buildings. They were old when I went through there as a naval aviation cadet in 1953, and they are 32 years older now. There reaches a point in those buildings where you can't put enough repair money in to stay ahead of the deterioration that is going to happen to a building that is that old, especially when it was built as a temporary structure to start with. We still own an immense number of those, sir.

Mr. DANIEL. Where does this issue stand on the priority, effect and order? Does it have a high priority?

Commodore RIENDEAU. Yes, sir. But my personal opinion, it ought to be higher.

Mr. DANIEL. It ought to be higher?

Commodore RIENDEAU. Yes, sir. The whole thing, not just the funding. The whole program of how do you determine what the backlog is and how do you address this backlog.

Mr. DANIEL. Is your testimony, then, Commodore, or at least part of your testimony that you were farther behind to begin with when we started this drive, what? 1980? 1981?

Commodore RIENDEAU. We have continually been seeing the backlog increase since 1981.

Mr. DANIEL. Why is that?

Commodore RIENDEAU. I think the fact is that we have a lot of old plant and we can't in light of total affordability, we can't come up with enough money to fix these buildings at the rate that they are deteriorating. I will have to say on Air Force stations most of the construction is new, since when? 1957-58. They may be facing future block obsolescence—I don't know if that is a good term or not. I think in our World War II buildings that we, are right smack in the middle of total block obsolescence. They are unrepairable, regardless of how much money you put in. You don't want to throw money at a building you are going to demolish in 3 years.

I know we have good people working on the problem, and I don't feel that we are being willy-nilly, or irresponsible in addressing the problem. We do take care of the readiness areas. We do a good job on the runways, piers, essential roads, essential buildings, and that sort of thing. We however, are not willing, and I am not sure we ought to be willing, to come up with the total amount of money it would take to really start bringing that BMAR number down.

I think the MilCon program that we have going—and we have made good strides in the Milcon area—is really the program that it is going to put us back on an even keel concerning BMAR.

Mr. WHITEHURST. Mr. Chairman?

Mr. DANIEL. Mr. Whitehurst.

Mr. WHITEHURST. I don't want to prolong this, either, what about bases that would be closed? Everything is counted in, right? I mean everything is in the sock, as it were; is that right?

Admiral HUGHES. Yes, sir.

Mr. WHITEHURST. So, if you close some bases—not in Virginia, of course, but elsewhere—and you know, we hear proposals, would

that not, at least on paper, sweeten the account up and make it look a lot more healthy?

Admiral HUGHES. That certainly would decrease the BMAR because you would be taking something out, absolutely, of the negative side.

Mr. WHITEHURST. Precisely.

Admiral HUGHES. But you know, there is new construction over just about all of our bases to some extent. You could be taking away some good things, too. So there is kind of a balance to it. I don't know that I would run after bases just to decrease the BMAR.

Mr. HUTTO. Would the gentleman yield?

Mr. WHITEHURST. Sure, I will yield.

Mr. HUTTO. From what I read, it takes a lot to close a base, a lot of money.

Admiral HUGHES. Yes, sir.

Mr. HUTTO. But I am assuming that that wouldn't be categorized as BMAR, is that right?

Admiral HUGHES. No, the money it would cost to close the base would not be categorized as BMAR. No.

Mr. HUTTO. Whose hide would it come out of then?

Admiral HUGHES. It would be out of the O&M account for the most part.

Mr. HUTTO. We can't win for losing.

I yield back.

Commodore RIENDEAU. That is right. I would point out, Mr. Hutto and maybe you do know this, but the BMAR number comes as a result of this annual inspection survey. If you go to any station and you say, "Let me see your AIS," the CO will trot it out and on it will be listed every building, with every discrepancy with a dollar value on each. A good CO ought to do that. He owns the plant and wants it maintained in 4.0 condition.

And Admiral Hughes' organization has put a lot of emphasis on the inspection the last couple of years, and that is one of the reasons why we are having trouble bringing the BMAR down. The better the inspection you do, the higher that becomes. However, we are defining the problems much better.

Mr. HUTTO. Mr. Chairman, I don't know if this is worthy of the committee's consideration or not, but I think I understand what the Commodore is saying. That much of this BMAR does not impinge on readiness; it is the old buildings and that sort of thing. And I am wondering if we ought to maybe have a different category in that.

Mr. DANIEL. It is not a good measure. We need to do something. I don't know what that something is but I think we ought to take another look at how we analyze these.

Does any other member have a question on this particular subject? I apologize for butting in, but it just struck me so that I had to ask a question right then.

Yes, Mr. Ray?

Mr. RAY. Mr. Chairman, and gentlemen, the question I have, I didn't quite understand why we have the backlog. Is it a question of money in the military construction budget or low priority, or what is the problem? Why do we have the backlog?

Admiral HUGHES. Well, I think that the Commodore was pointing out that the Navy is faced with a lot more block obsolescence in comparison to the Air Force because of when the buildings were built. So we have some old buildings that need a lot of work if you were going to put them up to full capability, and one measure of BMAR is how much they are behind full capability. Now how much that affects your readiness varies. We try to take care and emphasize the items of readiness and get them taken care of, and let the BMAR in some building that is just a storage place——

Mr. RAY. So the point is we just don't need the buildings?

Admiral HUGHES. It might be a storage building. We might need to replace it, but we are not going to keep it up in good shape.

Mr. RAY. And we don't have the money to even do that if we wanted to? We would have to put the money into military construction to bring them the backlog up if we wanted to do it?

Admiral HUGHES. Yes, sir.

Mr. RAY. Mr. Chairman, let me just point out just for the record, I went with a group back in the fall through Midway Island. Of course, Midway Island now is contracted out, all except for about 10 or 12 naval personnel. There is a fuel drop there that we had some money in the military construction budget I understand last year which fell out, about $9 million. The fuel drop is in such bad shape that it has to be unloaded by gravity. It cannot be unloaded by pressure. And I understand it is a vital storage area for fuel.

And I just bring that to the attention of the committee and to you.

Mr. DANIEL. Does any other member have a question on this particular point?

Please proceed, Admiral.

STATEMENT OF VICE ADM. THOMAS J. HUGHES, JR., DEPUTY CHIEF OF NAVAL OPERATIONS (LOGISTICS), DEPARTMENT OF THE NAVY

Admiral HUGHES. Mr. Chairman, I have submitted a statement for the record and would like to make the following opening remarks.

The concern that this committee has shown for the Navy's readiness and its ability to carry out its mission over the years is well-known, and it is appreciated by all of those who serve in the Navy. The House Armed Services Committee and its subcommittees have been dedicated to the proper support of our armed forces in response to the charge of the Constitution more than any other organization that I know in the Congress. Thus, I can truly say it is an honor to appear before this committee.

Vice Admiral Lyons appeared before you on March 7 of this year and discussed the significant increases the Navy has achieved in readiness over the past few years. Of course it is our hope with the help of the committee we will be able to sustain these improvements. My understanding is that the purpose of today's hearing is to build on that discussion of readiness by reviewing the operation and maintenance appropriation. It is primarily those appropriations which have made readiness possible.

The operation and maintenance Navy budget request has only a minimal amount of real growth, about two-tenths of a percent. We are backlogged in some areas which are larger than we would like; nevertheless, this budget request is sufficient to sustain the readiness improvements which we have achieved since 1981.

PREPARED STATEMENT OF VICE ADM. THOMAS J. HUGHES, JR.

I appreciate the opportunity to appear before you today to discuss the Navy's FY 1986 budget request for the operation and maintenance appropriations.

Before Commodore Riendeau discusses the details of the operation and maintenance budget, I would like to emphasize the basic objective which this account supports: the attainment of readiness and support of our preparedness to meet our global responsibilities. Proper funding of the Operation and Maintenance account is the critical element in our ability to execute control of the seaLanes and the preservation of peace. In recognition of the overall budgetary and economic concerns facing our nation this year, we have stringently reviewed the requirements and have carefully balanced our resources between readiness and the other "pillars" of our defense program: sustainability, modernization, and force structure. This balance will result in the achievement of our national commitment of maritime strength in key ocean areas in conjunction with our allies.

We are continuing to implement a number of initiatives formulated to improve the return on the investment of our defense dollars.

In the area of spare parts, Navy's Buy Our Spare Smart (BOSS) program has significantly improved our ability to procure spare and repair parts efficiently and economically. This program, which contains over 100 individual initiatives, encompasses such areas as requirements determination, spare parts breakout, competition, obtaining more proprietary data from contractors, determining the "should cost" value of parts by establishing a "price-fighter" team, improving training for procurement work force, and establishing a hotline to encourage users familiar with the worth of an item to question unreasonable prices. In FY 1984, these initiatives resulted in cost avoidances of $198 million.

The Aircraft Service Period Adjustment (ASPA) program has resulted in a significant lowering of the requirements for reworking airframes through an indepth inspection prior to airframe induction. In the FY 1984 to FY 1986 time frame, this program is projected to produce over $200 million in cost avoidance savings, which have been included in the budget submission.

In ship maintenance, the emphasis on selected restricted availabilities and the phased maintenance concept has allowed more ships which would have been due for full overhaul to be placed on extended operating cycles, thereby providing higher operational availability of the Navy's limited ship assets to the fleet without increasing maintenance costs.

This administration's emphasis on improving management and efficiency of resource utilization is paying off and making itself evident in Naval readiness.

The readiness goal is to provide for operation and support of our existing forces at a level that will permit the navy to respond when, where, and at the level required. Readiness indicators give us a way of summarizing the effect of budgetary changes on the Navy's ability to respond when called upon. These indicators show that substantial improvement has been attained in readiness over the past four years.

Overall combat readiness of strategic and general purpose forces has steadily improved, and it is important to note that this has occurred as the force structure also increased. Since 1981 the average number of forward deployed ships reporting themselves fully or substantially combat ready increased by 66 percent. During the period from October 1980 to October 1984 the number of our air combat squadrons reporting not combat ready has decreased from 55 to 1. We are clearly on course in our readiness improvements. These improvements are largely due to the increased fiscal support provided by the Congress. The FY 1986 budget continues on that course. The following tables display some budget indicators which reflect the same message of readiness improvement.

For ship operations, non-deployed and deployed coverage will continue at the same levels as FY 1985 with carrier battle groups deploying in world-wide operating areas. Steaming days per quarter budgeted for FY 1986 remain constant with the current FY 1985 program. Chart 1 displays the factors in the fleet operational tempo:

CHART 1.—SHIP OPERATIONS

	Fiscal year—		
	1984	1985	1986
Ships (days/qtr):			
Active Forces:			
Deployed	[1] 60.5	50.5	50.5
Non-Deployed	28.2	29.0	29.0
Reserves	14.7	14.7	14.7

[1] Reflects Lebanon and Grenada contingency operations.

Chart 2 summarizes various categories of activity and levels of funding for maintenance and modernization of active ship forces. Included in the program is a decrease of 20 ship overhauls, offset by increases in phased maintenance and selected restricted availabilities, as well as extensive survivability, hull silencing, and weapons upgrade modernization. The budgeted overhaul backlog due to financial constraints is 1 in FY 1986.

CHART 2.—ACTIVE FORCE SHIP MAINTENANCE AND MODERNIZATION

[In millions of dollars]

	Fiscal year—		
	1984	1985	1986
Ship overhauls	2,142.7	2,775.6	2,273.2
RA/TA	1,002.6	1,246.5	1,332.3
Modernization	1,053.8	1,409.1	1,544.9
Intermediate maintenance	312.6	360.5	388.7
Technical support	107.6	118.8	138.3
Outfitting	293.7	335.7	352.8
Berthing and messing	53.5	43.0	44.7
Inactivations (SALT)	44.7	0.0	0.0
Number of regular overhauls	53	55	35
Number of deferred overhauls	3	0	1

The Flying Hour program is budgeted for Primary Mission Readiness (PMR) of 87 percent for FY 1986, an increase of 1 percent over the FY 1985 level. The CNO goal for PMR is 88 percent. Moreover, the flying hour program provides flying hours for 6 new squadrons (2 F/A–18, 3 SH–60B, and 1EA–6B).

CHART 3.—AIRCRAFT OPERATIONS

	Fiscal year—		
	1984	1985	1986
Primary mission readiness [1]	85	86	87

[1] Includes 2 percent simulators.

The readiness indicator used for aircraft material readiness is the Mission Capable (MC) rate. This budget reflects an increase in the mission capable rate from 70 percent in FY 1984 and FY 1985 to 72 percent in FY 1986 and a continued improved full mission capable rate. Decreases in component rework funding are due to the stock-funding of aviation depot level repairable components begun in FY 1985 and implemented for the full year in FY 1986.

CHART 4.—AIRCRAFT MAINTENANCE AND MODERNIZATION

[In millions of dollars]

	Fiscal year—		
	1984	1985	1986
Airframe rework	$363.7	$475.8	$464.6
Engine rework	227.8	334.8	328.4
Component rework	1,082.3	689.0	70.5
Modification installation	231.7	312.4	351.8
Support services	44.7	54.4	32.1
Mission capable rate (percent)	70	71	72

Our national military strategy is based on the principles of deterrence, and forward defense. Maritime strength and the projection of our naval forces are vital to these principles. Since the end of World War II, U.S. naval forces have been continuously engaged in an increasingly difficult and complex effort to safeguard U.S. interests throughout the world. We seek to ensure that our readiness posture gives credence to this strategy. Significant advances in the readiness of our Naval forces have been made possible through the national recommitment to an adequate defense. The steady course the Congress has helped set in rebuilding the Navy, following the declines experienced in the 1970's, must be maintained. With your continued support, we will reestablish our maritime strength so vital to America's security.

Following Commodore Riendeau's statement, he and I are available to respond to any questions you may have.

Thank you.

Admiral HUGHES. I have with me, as you already know, Commodore Riendeau, and he will make a statement, and he will be followed by my good friend and colleague, Lieutenant General Crist.

Commodore Riendeau.

Commodore RIENDEAU. Thank you, sir.

Mr. DANIEL. Commodore.

Commodore RIENDEAU. Mr. Chairman, I have a prepared statement that I would request be entered into the record.

Mr. DANIEL. Without objection.

Commodore RIENDEAU. And I have a few opening remarks I would like to make. You are correct, Mr. Chairman, I have been close to the O&M and the readiness problem for some time, even before I was in this job, when I was working liaison.

Mr. DANIEL. You have been a great help to us.

Commodore RIENDEAU. Thank you, sir.

STATEMENT OF COMMODORE GERALD L. RIENDEAU, U.S.N., DIRECTOR, OPERATIONS DIVISION, FISCAL MANAGEMENT DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS

Commodore RIENDEAU. I had rather a formalized opening statement, but I think you set a nice air for the hearing, and I will dispense with my formal statement. In reviewing what has happened in the last 4 years, there are many, many good things to report in the readiness area. And this committee has been extremely helpful in getting those things to happen.

Going back to 1981 we had a 16-ship overhaul backlog. We had a backlog of 322 airplanes in the aircraft maintenance program. And we had a backlog of about 900 aircraft engines. Our overall ship readiness was terribly down. At that time we had 25 percent of our

squadrons and 13 percent of our ships that were not combat ready. In short, we really weren't in very good fighting condition.

Today, I am happy to report to you that we have made significant progress in these areas. You have supported us well. By the same token, we have tried to be good stewards of the money that has been authorized and appropriated. We have tried to apply some good engineering practices along with the improved funding in order to eliminate some of these maintenance problems that we knew in the past.

We have our ASPA Program—that is, our Aircraft Service Period Adjustment Program—where by engineering analysis we have in some cases doubled the time when an aircraft must be brought in for depot level maintenance. In our EAMP, or our Engine Analytical Maintenance Program, we have been able to cause a lot of engine maintenance to be done in the air station IMD shops at tremendous savings over what it would cost to move those engines into the NARF's to have that work done.

We have gone to phase maintenance programs on ships. That program is simply one of taking a class of ship, giving each ship a baseline overhaul, so each ship will be on the same footing, and then putting them into a phased maintenance program. Those ships will never come into overhaul again. We see quite a significant dollar savings in these programs.

We have used EEOC, that is engineering extended operating cycles, on our nuclear submarines, and in some cases we have doubled the time between overhauls. We are doing the same thing on surface ships at this time. We utilize selected restricted availabilities to extend the period between overhauls. This also reduces the amount of work that has to be done when the ship is in overhaul.

Over the 4 years that I have been exposed to these programs we have saved literally billions of dollars. We are still seeing the benefits. I would point out, however, that in the aircraft programs we have achieved the maximum available at this time. We have effectively now hit a plateau. No new savings will be available to reduce future budget requests.

As a result of the things that I have just been talking about, we have seen a readiness improvement of 60 percent in our ships, and 100 percent in our aircraft squadrons. Our readiness in ships personnel is up 70 percent. The funding increases that we have received for our recruiting program has allowed us to attract some awfully good people into the Navy. The funding that we have seen in our manpower accounts to pay special bonuses and to increase the basic pay has paid off handsomely. I would say that most of the gains that we have seen in our readiness improvement really are driven by the fact that we are getting good people and we are keeping good people in the Navy. And you know that an experienced, well-trained good sailor will get a lot more mileage out of our resources than a sailor who is not.

We must continue to capitalize on all of the resource improvements we have achieved in the last few years to remain on our road of progress.

As Admiral Hughes mentioned, our budget this year has two-tenths of a percent real program growth. It is a tight budget, there is no question about it. However, it is a budget that we feel very,

very solidly will continue the readiness gains that we have made. A tight budget, when perturbated, will start developing significant maintenance backlogs. We will start seeing the readiness indicators going down. If we have to absorb a significant "hit"—reduction I guess is a better term—we will also see a drop in flying and steaming time. We are going to see backlogs in all maintenance come up considerably. There is no question about that.

To look at this account for making major contributions to some overall budget reduction would unbalance an otherwise well-balanced budget. I ask the committee to keep in mind that when we develop our O&M budget we balance it with the procurement, R&D, and other accounts. To look at the O&M budget for large reductions because there is quick outlay savings will create significant deficits that will be hard to recover in future years.

Thus completes my summary remarks, Mr. Chairman. I really appreciate the opportunity to testify before this committee that has been so helpful. And I am ready for any questions you may have, sir.

PREPARED STATEMENT OF COMMODORE GERALD L. RIENDEAU

I appreciate the opportunity to appear before you today to present the Navy's FY 1986 budget for the Operation and Maintenance appropriations.

In FY 1986, as in past years, we have placed great emphasis on fleet readiness, with increases to support higher force levels and prescribed readiness training. We are acutely aware of the strong competitive demand for the nation's limited resources and have based our FY 1986 budget request on a careful and thorough assessment of the most economic and efficient means to achieve our common objectives. Chart 1 displays the composition of the Navy FY 1986 President's Budget Request, by appropriation category, with obligational authority for operation and maintenance comprising more than one-quarter of the Departmental total.

CHART 1.—DEPARTMENT OF THE NAVY FISCAL YEAR 1986 PRESIDENT'S BUDGET REQUEST

[In millions of dollars]

Appropriation category	Fiscal year 1986 request	Percent of total
O&M	$28,481	27.2
MILPERS	24,082	23.0
Procurement	37,430	35.7
Research and development	11,264	10.7
Construction	2,137	2.0
Family housing	723	0.7
Stock Funds	759	0.7
Total DON	104,877	100.0

The operation and maintenance appropriations finance the day-to-day operation of forces located in the United States and around the world, and supports those operations which have the most direct and immediate impact on the current readiness of the Navy. Chart 2 displays the total Department of the Navy Operation and Maintenance request of $28.5 billion, an increase of $0.6 billion over the FY 1985 current estimate.

CHART 2.—APPROPRIATION SUMMARY FISCAL YEAR 1985 AND FISCAL YEAR 1986

[In millions of dollars]

Appropriation	Fiscal year—		Dollar change
	1985	1986	
O&M, N	$25,335	$25,798	+$463
O&M, MC	1,651	1,667	+16
O&M, NR	829	955	+126
O&M, MCR	59	62	+3
Total O&M	27,873	28,481	+608

The appropriation requests include operating funds for 555 deployable battle force ships, 111 strategic sealift ships, 4,982 average operating aircraft (including Navy, Marines and Reserves), 4 Marine divisions, and a network of shore installations and commands. Naval forces, operating under the control of the unified and specified commanders, deploy globally and represent a fully ready combat force in being, available on short notice for employment in support of our national policy throughout the world.

Operation and maintenance, Navy

Chart 3 displays the Operation and Maintenance, Navy request of $25.8 billion, which is $0.5 billion above the current fiscal year 1985 estimate of $25.3 billion. Our fiscal year 1986 request supports increased Navy operating forces, including program increases in Trident operations, aircraft operations (including Marine aircraft), fleet outfitting, and weapon systems support. Additionally, it will finance the total spectrum of increased activity within the Navy support establishment. The budget request reflects the impact of transition of the management of aviation depot level repairable secondary items from the Appropriations Purchases Account (APA) to the Navy Stock Fund (NSF), which will be effected on 1 April 1985; transfers of funding responsibility totaling $210 million associated with proposed revisions effective in FY 1986 to the Department's expense/investment criteria; and the Administration's proposed 5 percent decrease in civilian pay rates, effective in January 1986.

CHART 3.—OPERATION AND MAINTENANCE, NAVY

[In millions of dollars]

	Fiscal year—			
	1984	1985	1986	1985–86
Strategic forces	$1,844.2	$2,257.3	$2,068.4	−$188.9
General purpose forces	10,150.0	11,943.5	11,990.2	+46.3
Intelligence and communications	1,046.1	1,124.1	1,124.1	+0.1
Airlift and sealift	315.9	641.8	787.3	+145.5
Central supply and maintenance	5,988.4	6,303.3	6,538.6	+235.3
Training, medical, and other general personnel activities	1,988.7	2,351.7	2,519.3	+167.6
Administration	651.3	710.6	767.2	+56.6
Support to other nations	2.4	2.5	2.5	0.0
Total O&M, N	21,986.9	25,334.7	25,797.7	+463.0

The FY 1986 budget request for Strategic Forces includes increased funding for support of Trident submarines due to the initial deployments of USS ALABAMA and USS ALASKA. There will be two fewer strategic ships overhauled in FY 1986.

The increase in funding for General Purpose Forces is generally limited to Navy and Marine Corps flying hours. A total of six new squadrons will stand up in FY 1986 including two F/A-18 squadrons, three SH-60B LAMPS MK III squadrons, and one EA-6B squadron. Additionally, three squadrons will transition from the F-4 and the A-7 to the F/A-18. A total of 1,440 thousand hours are budgeted to allow Navy and Marine Corps aircrews to maintain proficiency to conduct aircraft operations at 87 percent Primary Mission Readiness, including a 2 percent contribution by simulators. Ship operating tempo is budgeted to remain level with FY 1985 at 29

days per quarter for the non-deployed fleets and 50.5 days per quarter for the deployed fleets. Additional operational ship-months are budgeted in FY 1986, reflecting a net increase of eight active battle-force ships. Due to added emphasis on selected restricted and phased maintenance availabilities, eighteen fewer ship overhauls are budgeted for General Purpose Forces in FY 1986. This change in emphasis will provide increased operational availability of the Navy's limited ship assets to the Fleets without increasing maintenance costs.

Program growth in Intelligence and Communications relates to increased levels of effort for design, engineering, installation and maintenance of telecommunications and encryption equipments, additional leased circuit requirements, increased levels of oceanographic environmental prediction support and a proposed revision to expense/investment criteria which results in an increase to O&M,N requirements. This growth is partially offset by termination of the GAPFILLER Fleet Satellite Communications System. Other program details are classified.

During FY 1986, 5 dry cargo ships currently supporting the 7th Marine Amphibious Battalion will be withdrawn from the Prepositioned Depot Ship program and be replaced on station by the second maritime Prepositioning Ship squadron. In addition, the final increment of three MPS ships will deliver and be prepared for deployment in FY 1987. Additional ships will be placed in the Ready Reserve Fleet, replacing some older ships by the end of FY 1986.

Central Supply and Maintenance programs provide supply, maintenance, technical, and other logistic and acquisition management support to the operating forces. The funds budgeted in FY 1986 for depot level maintenance reflect efforts to improve readiness and to support the growing population of major weapons systems and equipment. Also included is the full-year transition of component rework funding responsibility to the Navy Stock Fund as part of the Navy aviation depot level repairable program. The Aircraft Rework program also reflects cost avoidances consistent with initiatives recommended by the President's Private Sector Survey on Cost Control task force. The implementation of the Aircraft Service Period Adjustment program, for example, has resulted in the deferral of 527 airframe reworks during the period from FY 1984 through FY 1986, and resulted in cost avoidances of $200 million in the O&M accounts. Additional personnel are budgeted in FY 1986 to improve physical inventory procedures and to support the Buy Our Spares Smart program. These efforts have been accelerated as a result of recommendations made by the President's Private Sector Survey on Cost Control task force. Additional personnel have also been added to improve physical security at Navy activities. Increased funding has also provided for items such as preservation and upgrade of the Inactive Fleet, inactivation of three nuclear attack submarines, increased support of AEGIS ships coming on-line, technical support for shipboard non-tactical ADP equipment, purchase of chemical and biological protection equipment, and electronics equipment. The FY 1986 request reflects funding related to the proposed revision of the expense/investment criteria and funding to support the Environmental Restoration program, which was financed in another defense account in FY 1985.

Training, Medical and Other General Personnel Activities provide training and education, medical care, and related support to naval personnel. Training increases are required for upgrade and annualization of the cost share transfer from the Department of Energy for nuclear power plant operation instruction; annualization of the flight training T-2C maintenance contract and Undergraduate Naval Flight Officer/Technical Support Upgrade for contractor flight services; pilot training rate increases; annualization of the aviation depot level repairable resources in flight training; transfer of TH-57A contract material support from the Naval Air Logistics Command; increased support for contractor operation and maintenance of simulators supporting surface warfare training; increased support for training equipment operation, maintenance, and installation; and the transfer from OPN related to revision of the expense/investment criteria. Growth in Medical Support provides for additional clinical workload in Naval Medical Facilities which will improve wartime casualty care and will permit absorption of workload during peacetime that would otherwise result in a requirement for more expensive CHAMPUS funding as military strength increases. This strength change will also result in an increased workload at civilian Operated Uniform Services Treatment Facilities. Other increases provide for additional training for medical personnel, wartime bed expansion to bring hospitals up to maximum bed capacity, and assumption of manpower costs related to the Tri-Service Medical Information System (TRIMIS) funded through FY 1985 by the TRIMIS Program Office. Increases in General Personnel Activities reflect funding requirements for: per diem for less than twenty weeks training as training requirements grow in consonance with the planned personnel strength increases; recruiting and advertising to meet quality requirements in view of a re-

duced youth market; a health and physical fitness program to improve personnel fitness, a Veterans Administration estimate of a cost increase under the Veterans Educational Assistance Program; and an increase in the Tuition Assistance program resulting from increased member participation.

Administration and Associated Activities include funding for staff offices of the Secretary of the Navy and the Chief of Naval Operations and provides service-wide support in the financial, legal, and personnel areas. Increases are primarily for development and support of military manpower and personnel systems; complete implementation of the Navy Manpower Engineering Program to achieve the Secretary of the Navy's goal of 100% of the shore establishment covered by staffing standards by December 1985; full-year implementation of the aviation depot level repairable stock funding initiative; and a transfer from OPN related to the proposed revision of the expense/investment criteria.

Operation and maintenance, Navy Reserve

The Operation and Maintenance, Navy Reserve FY 1986 request of $954.5 million is $125.7 million above the FY 1985 appropriation of $828.8 million. Of the increase, $17.7 million is a transfer of funding responsibilities associated with proposed revisions effective in FY 1986 to the Department's expense/investment criteria, and $57.6 million provides for the impact of stock-funding of Aviation Depot Level Repairables on the O&M,NR appropriation. Price growth is a negative $22.1 million due primarily to decreased fuel and other stock fund prices and a 5% reduction in civilian pay. The remaining $72.5 million is a summation of program increases and decreases throughout the appropriation which are necessary to support more modern reserve forces and a higher Selected Reserve strength.

The appropriation consists of three budget activities: (1) Mission Forces; (2) Depot Maintenance; and (3) Other Support. In FY 1986, Mission Forces provides for the operation and maintenance of 39 Naval Reserve Force ships with 37,302 underway steaming hours and for an average of 621.5 operating aircraft with 242,525 flying hours. Also included in Mission Forces is funding for 6 regular ship overhauls, 6 phased maintenance availabilities, 3 selected restricted availabilities, as well as intermediate level maintenance of ships and combat craft, operation of Surface Support Forces, overhaul and modernization of ship equipment and related support, operation of Special Combat Forces, and fleet operational support to Naval Reserve Force ships. Depot Maintenance, Budget Activity 2, provides support for the reserve aircraft rework program and for intermediate and depot level aircraft maintenance. The FY 1986 aircraft rework program includes funding for 157 airframe and 252 engine reworks. Other Support, Budget Activity 3, encompasses support for various command and administrative activities in addition to funding the headquarters in New Orleans and Washington, D.C. Other Support includes funding to operate and maintain 6 air stations, 2 air facilities, 16 readiness commands, 1 Naval Support Activity, as well as 256 minor installations supporting Naval Reserve Forces. Significant changes in several programs areas displayed in chart 4 are discussed below.

CHART 4.—OPERATION AND MAINTENANCE, NAVY RESERVE

[In millions of dollars]

	Fiscal year—			
	1984	1985	1986	1985–86
Air Reserve Force	213.3	285.1	322.3	+37.2
Surface Support Force	6.9	8.8	13.1	+4.3
Ship operations	40.5	43.6	45.9	+2.3
Ship maintenance	97.4	133.6	162.8	+29.2
Aircraft rework	104.0	148.8	165.6	+16.8
Contractor technical engineering services	8.3	7.1	12.3	+5.2
Base operations, MRP and management headquarters	171.4	192.8	206.8	+14.0
Recruiting and advertising	[1] 6.7	8.8	17.1	+8.3
Other	+18.0	0.2	8.6	+8.4
Total, O&M,NR	623.8	828.8	954.5	+125.7

[1] Fiscal year funding shown for information. Funded in O&M,N prior to fiscal year 1985.

The increase in the Air Reserve Force program is attributable to stock-funding costs of $128 million for Aviation Depot Level Repairable items within this appropriation. Program growth in the Naval Air Reserve Force supports increasing num-

bers of F/A-18, F-14A, SH-2F, F-4S and A-7E aircraft which are offset by a reduction in the average operating numbers of F-4N and A7B aircraft.

The increase in Aircraft Rework results from $30 million budgeted for installation of modernization kits on F-14A aircraft, $6 million associated with the stock-funding of Aviation Depot Level Repairables, and $2 million in price growth. A decrease in engine rework requirements, airframe modifications, and field modifications results in partial offsets of $22 million.

The increase in ship operations reflects an increase of 4 FFG-7 class and 3 ARS-38 class ships in the Reserve program, which is offset by the decommissioning of 1 MSO ship and 1 ARS-7 class ship. Shipyears of 35.9 in FY 1985 and 35.6 in FY 1986 remain about level because of ship phasing schedules.

The Naval Reserve ship maintenance program grows in FY 1986 as the scheduled maintenance programs continue to increase in support of the growing number of Naval Reserve Force ships.

Base Operations continue to grow as the Naval Reserve improves its management and support for the growing Selected Reserve which increases from an average SELRES strength of 123,900 in FY 1985 to 134,000 in FY 1986. Beginning in FY 1985, the Commander, Naval Reserve Force assumed the financial responsibility for recruiting Naval reservists from the Navy Recruiting Command. Recruiting and advertising increases in FY 1986 to build the higher SELRES and TAR strength levels.

The increase in "Other" listed on Chart 4 is primarily due to accounting transactions to reflect the FY 1985 fuel price stock fund rebate.

Civilian manpower

Civilian manpower comprises a vital segment of the Department of the Navy's manpower resources, with the majority being directly related to our readiness posture. End strength levels for DON civilians are shown below in chart 5.

CHART 5.—CIVILIAN MANPOWER SUMMARY

	Fiscal year—			
	1984	1985	1986	1985-86
Total—Department of the Navy	342,082	338,991	340,799	+1,808
Navy	320,573	317,270	318,975	+1,405
Marine Corps	21,509	21,721	22,124	+403

The FY 1984 end year estimate reflects the actual on-board as of 30 September 1984. The FY 1985 end year level reflects the DON best estimate of civilian resources required to execute funded programs and is consistent with congressional direction that during fiscal year 1985, the civilian personnel of the Department of Defense not be managed on the basis of any end-strength constraint or limitation.

The FY 1986 end year estimate represents the manpower level which balances the civilian work force with workload. The FY 1986 level of 340,799 represents an increase of 1,808 about the FY 1985 level. This net increase reflects workload related adjustments at industrial fund activities and increases at a number of non-industrial fund activities with a direct bearing on readiness, improved integrity in the procurement process, and physical security.

The following table summarizes the changes included in the FY 1986 estimate:

Fiscal year 1985 estimate	338.991
Physical security	+551
Civilianize military billets	+456
Procurement/facilities oversight	+637
Marine Corps operations and support	+403
Shipyard staffing (excludes physical security)	−1,721
Air rework workload	+605
All other	+877
Fiscal year estimate	340,799
(Net fiscal year) 1985 to fiscal year 1986 change)	(+1,808)

Civilian staffing increases in FY 1986 will result in increased physical security for bases and stations. It will also allow the placement of civilians into numerous positions currently filled by military personnel, thus allowing their diversion to more critical operational billets with a direct impact on readiness. Additional civilian po-

sitions will be dedicated to management and oversight of acquisition contracts, both for major systems and spares, thus improving the integrity of our procurement operations. Likewise, additional personnel will be available to oversee our growing military construction/facilities acquisition programs. Other adjustments have been incorporated in industrial activities to ensure that work force and workload are in balance. Manpower levels for aircraft maintenance have been increased in consonance with growing workload, while manpower levels for ship repair/overhaul and public works have decreased to match workload.

During FY 1985 the Department is managing civilian employment under the terms of Section 501 of the FY 1985 DOD Authorization Act and Section 8064 of the FY 1985 DoD Appropriation Act which waives civilian employment end-stength controls for one year. These provisions allow more flexibility in setting our civilian employment levels, and allow the Department to execute its approved budgeted program in the most efficient economical way possible. The Department has demonstrated the benefits of the civilian ceiling waiver which prevailed in industrial fund activities in FY 1983 and FY 1984, and we anticipate similar demonstrable benefits for the general waiver contained in the two Acts.

The Department will continue to aggressively pursue manpower economy and efficiency initiatives that will allow it to make better use of its limited resources. Most of our efforts in this area are concentrated in the Commercial Activities (CA) and Efficiency Review (ER) programs. During FY 1984, the Department conducted 142 CA cost comparison studies on 4,000 civilian positions, of which 1,800 were determined to be more cost effective when converted to contractor performance. The actual savings achieved through FY 1984 have been incorporated in our budget estimates, and these actions will provide estimated annual savings of $13.0 million. The Department expects to continue to study about 4,500 positions per year over the next few years under CA. In accordance with Congressional direction, no adjustments have been made for anticipated contracting out decisions. The ER program has been implemented to apply CA methods to those functions which are not suitable for contractor performance. The FY 1986 manpower levels incorporate anticipated savings of 500 positions resulting from efficiency reviews, with cumulative savings of 1,600 positions.

It should be recognized that a majority of the civilian employees of the Department of the Navy are directly related to our readiness posture. Over half of the civilians work in industrial fund activities, which are primarily engaged in depot level maintenance and repair of ships, aircraft, and associated equipment. Many of the civilians employed at operation and maintenance activities such as supply centers, ship repair facilities, air station and Marine Corps bases are essential to readiness. The balance of the civilians provide essential support in functions such as training, medical facilities, engineering, development, and acquisition, which have a definite, although longer range, impact on readiness.

I appreciate this opportunity to describe the Department of the Navy's FY 1986 operation and maintenance budget and today's battle force readiness. This budget is part of the building effort to achieve the warfighting capability necessary to meet the threat. We have, with very limited real growth, improved readiness and sustainability while continuing our progress toward a 600-ship Navy.

Mr. DANIEL. General Crist.

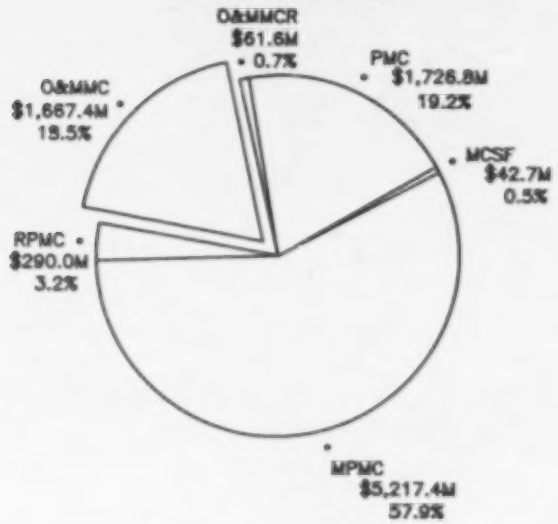
STATEMENT OF LT. GEN. GEORGE B. CRIST, DEPUTY CHIEF OF STAFF FOR INSTALLATIONS AND LOGISTICS, HEADQUARTERS, U.S. MARINE CORPS

General CRIST. Mr. Chairman, I also submitted a formal statement and would ask it be entered into the record.

Mr. DANIEL. Without objection.

General CRIST. I have provided each member of the committee a small packet of charts that will assist you in following my overview, and at the risk of being absolutely redundant I would like to thank the members of this committee for their unswerving support in our efforts to increase the military capability of the Marine Corps.

MARINE CORPS "GREEN DOLLARS"
FISCAL YEAR 1986 PRESIDENT'S BUDGET
BY APPROPRIATION



TOTAL $9,005.9M

CHART #1

General CRIST. The first chart that you have depicts the distribution between the six appropriations which make up the total Marine Corps budget request. You can see the O&M share is 18.5 percent, and that is relatively unchanged from 18.7 percent last year. It is, however, down considerably from 25.1 percent in fiscal year 1980.

And I should also point out that the Marine Corps budget is still manpower intensive. Sixty-six percent of the TOA that you see there is devoted to personnel costs, military and civilian.

OPERATION AND MAINTENANCE, MARINE CORPS AND MILITARY CAPABILITY

READINESS 85%

- TRAINING
- MATERIEL
- PERSONNEL
- BASE OPERATING SUPPORT
- MARITIME PREPOSITIONING
- NORWAY PREPOSITIONING

SUSTAINABILITY 8%

- MATERIEL SUSTAINABILITY
- PREPOSITIONED WAR RESERVES
- SUPPORT ACTIVITIES

MODERNIZATION 6%

- OPERATION AND MAINTENANCE OF NEW EQUIPMENT
- INITIAL ISSUE OF EXPENSE-TYPE ITEMS

FORCE STRUCTURE 1%

- ACTIVATION OF NEW UNITS
- INCREASED MANNING OF CURRENT UNITS

CHART #2

General CRIST. Often in examining budget details one tends to lose sight of the contributions these dollars make to military capability. So at the risk of boring this committee, which is, of course, the Readiness Committee, but continuing the dialog that we had the last time I talked, on chart 2 I have displayed how this budget contributes to the four "pillars" of military capability. And as I said the last time I was here, readiness is the foremost pillar for the Marine Corps, because as the first to fight no matter what else, we must be ready now. So, approximately 85 percent of this year's request is directed toward readiness. I think this confirms once again the belief held by this committee that the O&M appropriation is indeed the readiness appropriation.

The ability to continue the fight once joined is equally important, and almost 8 percent of the appropriation is devoted to sustainability.

Most of the fiscal year 1986 modernization programs are a continuation of those which have been underway since 1982. The operation and maintenance appropriation complements procurement by funding the cost tails associated with the introduction of new equipment as well as the initial issue of expense-type items. So, this year approximately 6 percent of the O&M budget will be in support of modernization.

Force structure captures the smallest allocation of the funds, and these are primarily related to the activation of new units and increased manning of current units.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BUDGET ACTIVITY SUMMARY

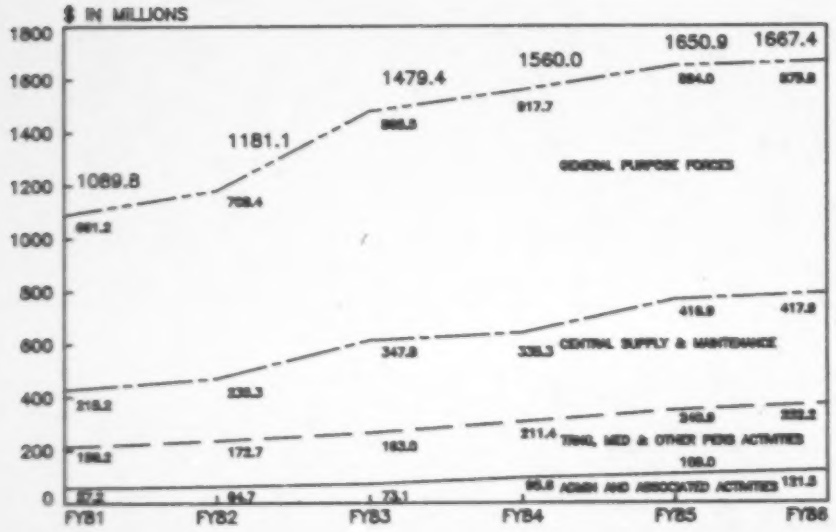
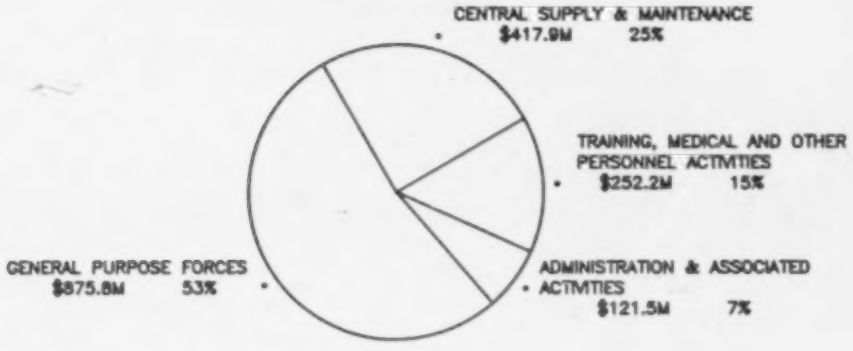


CHART #3

General CRIST. Turning to the details of our fiscal year 1988 budget request chart 3 displays the trend in O&M funding since fiscal year 1981, stated in then-year dollars. The significant growth which occurred between fiscal year 1981 and 1984, as you can see, has now begun to level off.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BY BUDGET ACTIVITY



TOTAL $1,667.4M

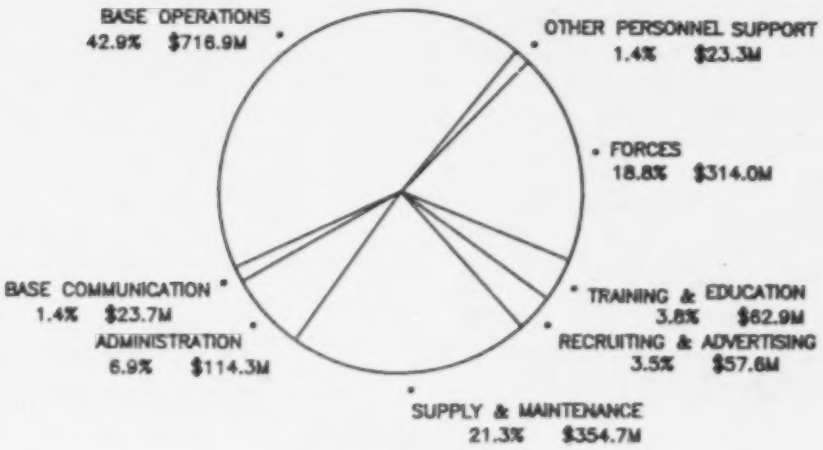
BUDGET ACTIVITY	FY1985	FY1986	FY85–86 %GROWTH	FY85–86 %REAL GROWTH
GENERAL PURPOSE FORCES	884.0	875.8	−1.0	−5.0
CENTRAL SUPPLY & MAINTENANCE	416.9	417.9	+0.2	−4.0
TRAINING, MED & OTHER PERS ACTIVITIES	240.9	252.2	+4.7	+0.4
ADMINISTRATION & ASSOCIATED ACTIVITIES	109.1	121.5	+11.4	+6.8
TOTAL	1650.9	1667.4	+1.0	−1.3

CHART #4

General CRIST. The fourth chart depicts the distribution of this year's request among the four budget activities. The percentages shown on this chart have remained relatively stable since last year. As you can see, the support for the Fleet Marine Forces receives the majority of funding.

When compared to 1985, the 1986 request shows a 1.3-percent negative real growth. In addition, this year $15.3 million was moved from Procurement, Marine Corps, to O&M, Marine Corps. If one discounts this expense/investment migration, real growth would be minus 2.2 percent. This decline in real growth shows up, principally, in General Purpose Forces and Central Supply and Maintenance. The 11.4-percent growth in Administration that you see there includes $6.1 million of expense/investment migration.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BY DECISION UNIT



TOTAL $1,667.4M

CHART #5

General CRIST. Turning to chart 5, sir, this shows the budget broken down by Decision Units which tends to provide a clearer picture of how we actually use the funds that you provide to us. I will very briefly highlight a few of those. At the top of chart 6, Base Operations, that comprises 42.9 percent of our total appropriation.

Mr. HUTTO. Mr. Chairman.

Mr. DANIEL. Mr. Hutto.

Mr. HUTTO. I am sorry. On the previous page there, maybe you said, General, why you have had the bigger increase in Administration and Associated Activities.

General CRIST. Yes, sir.

Mr. HUTTO. What is the reason for the big increase there when you have a minus in General Purpose Forces and then a smaller increase in some of the others?

General CRIST. Mr. Hutto, you remember I said at the beginning that $15.3 million was moved in the expense/investment migration from Procurement, Marine Corps to O&M, Marine Corps.

Mr. HUTTO. Yes.

General CRIST. Of that, $6.1 million is in the dollars in Administration and Associated Activities. So of the 11.4-percent increase over half is made up of that. It is simply attributable to the movement from PMC to O&MMC. No real growth.

Mr. HUTTO. OK. What was the purpose for moving this?

General CRIST. It was based on an OSD criteria, sir, that eliminated the $3,000 unit price criterion and gave us a new criteria of centralized item management for items that would remain in the procurement budget. In other words, if we were to procure the item and centrally manage it through its entire life until its disposal, that would be an investment item. An expense item, on the other hand, is something that essentially the local commander would buy. He would account for it, and he would dispose of it.

The Marine Corps has been rather conservative in doing this. We have looked at the commodity areas, and were very careful to select those things that we wanted Headquarters, Marine Corps to retain management over. We wanted to also provide flexibility to our local commanders where it was beneficial, so he didn't have to go through the entire procurement business in order to do his job. But there were certain things that we felt were best kept under centralized control. Mainframe ADP computers, class 4 industrials—those kinds of things. Big expense items that, really, although he uses them, we want to maintain control.

So, for the $15.3 million, command support equipment, automated materiel handling equipment, and PC's, were the sorts of things that were included in our migration. Does that answer your question?

Mr. HUTTO. Yes, sir.

OPERATION AND MAINTENANCE, MARINE CORPS
FY 1986 PRESIDENT'S BUDGET REQUEST
DECISION UNIT SUMMARY
($ IN MILLIONS)

			GROWTH	
	FY–85	FY–86	PRICE	PROGRAM
BASE OPERATIONS	707.1	716.9	+7.1	+2.7
CIVILIAN PERSONNEL	291.9	291.2	−1.4	+.7
FACILITY/EQUIP MAINT	174.9	173.6	+7.3	−8.6
SUPPLIES AND EQUIP	100.7	102.0	−4.6	+5.9
PURCHASED UTILITIES	91.9	100.1	+3.9	+4.3
OTHER	47.7	50.0	+1.9	+.4
FORCES	323.7	314.0	−21.2	+11.6
ADMINISTRATIVE, OPERATIONS, AND TRAINING	139.3	136.0	−9.4	+6.1
MAINTENANCE OF EQUIP	104.6	98.2	−6.6	+.2
EQUIPMENT	55.2	56.8	−3.8	+5.4
OTHER	24.5	23.0	−1.3	−.2

CHART #6

General CRIST. Continuing with chart 6, as I mentioned earlier. Base Operations comprises the largest amount and has been basically level for the last few years. Facility and Equipment Maintenance, which is under Base Operations, includes increases of $3.6 million for minor construction and maintenance of additional facilities. However, this increase was more than offset by a $12.3 million decrease in real property maintenance. That accounts for the minus $8.6 million that you see in growth. As a result of that reduction, the Marine Corps has not achieved the desired level in backlog of maintenance repairs that you were addressing to the Admiral.

The increase in Administration, Operation and Training reflects the addition of $7 million to exercise the first two Maritime Prepositioning Ships Squadrons which will deploy in fiscal year 1986. That is partially offset by the decrease in exercises for the Near-Term Pre-positioning Force. We also have an increase of $1.6 million for modernizing individual clothing and equipment.

Looking at Supply and Maintenance on chart 7——

Mr. DANIEL. General, before you leave that——

General CRIST. Yes, sir.

Mr. DANIEL. What is the status of the pre-positioning in the Indian Ocean now?

General CRIST. In the Indian Ocean, sir, there are 13 NTPF ships of which five are dedicated to the Marine Corps. Those ships are on station; however, we will be relieving the five ships at the end of 1985. As the Second Maritime Pre-positioning Ships Squadron deploys, NTPF will return. So you see here, then, where we are going to exercise those first two squadrons but we will bring the NTPF ships home. They will be relieved on station.

Mr. DANIEL. Thank you.

Mr. HUTTO. Mr. Chairman.

Mr. DANIEL. If any of you gentlemen have any questions as we go along, just please ask them.

Yes, Mr. Hutto.

Mr. HUTTO. On chart 5, and instead of one behind I am two behind this time, but I caught that advertising item there. Is that the Marine Corps' portion of the armed services advertising program that we see on television and so on?

General CRIST. That is the Marine Corps' total advertising budget, sir.

Mr. HUTTO. You mean that is for the Marine Corps, though?

General CRIST. For the Marine Corps, sir, but it excludes the joint service advertising program which is centrally funded at the DOD level. It is just for our Marine Corps; peculiar advertising.

Mr. HUTTO. You haven't had any trouble getting recruits, have you?

General CRIST. Well, sir, I think you have read the papers as well as I have. We are looking at a decline in the 17 to 21 demographic age population, and at the same time the economy is getting better. We need to maintain a high quality force, and we have one; our recent accessions were over 95 percent high school graduates. But the equipment is getting more sophisticated and the demands on the small unit leader in combat are getting more complicated, so we need to maintain that high-level force.

Because of this, in addition to depending on the fine high school graduate, we are going to have to move out into areas like community colleges, junior colleges, vocational colleges, which are other sources of high quality people, and begin to recruit from there. We only have so many recruiters in the field and we really can't afford to increase the number of recruiters, so we are going to have to spread them out further.

We are asking for an increase in advertising this year in order to help our recruiters penetrate these high quality markets where they have not necessarily been before; to give them the aid; and to get the awareness out there so that maybe they will come talk to the recruiter. So I think we have some tough days ahead of us, sir.

Mr. HUTTO. Well, I, I guess because of my media background, I remember years ago that we used to run public service announcements for the armed services, and also "The Star Spangled Banner" would have the Air Force and so on. I don't know, we are very supportive, this subcommittee is, and our full Armed Services Committee, but I never have been too sold on spending our money on television and radio advertising. It seems to me that patriotic Americans who own and operate the broadcast stations could help us out as a public service if we need that. But now that we have come to the point where, not only in the Marine Corps, but the other services, we have no recruiting problems, it seems to me that this is one area that we could save a few million dollars.

General CRIST. Well, Mr. Hutto, we always seek free spots where we can get them. But as you know, often those free spots will occur in the "Late Movie" and other times in which maybe we don't get quite to the right audience. Our marines like sports. We try to target to those kinds of athletic endeavors and similar efforts. The networks charge, and if you want to get spots in the kinds of programs that we think potential young marines might be looking at we have to pay. I am sure you are also aware that line costs for advertising and 30-second spots or 15-second spots on the television are going up.

Mr. HUTTO. I know, but why do you need them when you don't have a problem? I mean usually if you are advertising you have a product that you need to sell.

General CRIST. I think you are presenting me with a chicken and egg. Is it the advertising that is bringing them in, and therefore we don't have the problem; or, are they coming in without the advertising? I suggest that it is a combination of both; that we are getting to them and that there is also the propensity to enlist both. The thing that we will have to do now is reach out into some of these other markets, such as the junior colleges and those areas where we haven't been that active before. And this normally includes insertions in newspapers, billboards, wall posters, and the like. Not just advertising on television, as you well know.

Mr. HUTTO. Well, that is the kind of advertising—I realize that you have to go to the schools and all this. I understand that, but I am just thinking about the mass media that cost so much.

Mr. DANIEL. Has anyone ever scientifically validated the results of advertising for personnel? Does anyone know?

Admiral HUGHES. They are doing it all the time, Mr. Chairman.

I would like to hitch a ride on Mr. Hutto's question. We have what we call a Delayed Entry Program which is where the young men sign up but do not come in right now. They will come at a later date that is more convenient to them, but they will sign up now. We try to get ahead of the power curve that way by having them in the bank, if you will, and know that we have so many ready to come in when the time comes.

The quality of that Delayed Entry Program in the Navy has gone down quite continuously since 1983. In mental group 1 through 3 upper, we had almost 75 percent. In 1984, our actual pool was at 64.6 percent. It went down a full 10 points in quality. And in our 1985 projection it is 58.7 in those upper groups. In other words, what is happening is the quality in that very good sample of what you are getting is going down.

Second, in answer to the chairman's question, we have what we call an awareness survey that is made every year to see the awareness of the young American on a sampling basis to the military in general and to each of the services specifically. And the awareness figure of the Navy has been going down. The awareness figure for the Navy is on the tail end of it right now. I mean it is hard to think of somebody not knowing about the Navy, but the awareness of the youngster to that as a viable career and livelihood is going down in the United States.

Mr. HUTTO. That is surprising.

Admiral HUGHES. Yes, sir.

Mr. DANIEL. How do you account for that, Admiral? Do you know?

Admiral HUGHES. Well, our advertising, I have to say that Mr. Hutto is an expert in this having been in the media, that the media today really impacts the youngsters thinking, and our advertising account for recruiting in the Navy, which I can speak to directly, has been going down over the last few years because we have been doing well, and we have been picking up good youngsters, and we have been filling our quota. But if you will look at—just pick the covers up and look underneath a little bit, you will see the trends that we are running into right now, plus the demographic trend—I can just quote a statistic along the line that the general did—of the age 17 to 24, a little different range, from about 1980 to 1994 reduces 25 percent in the United States of the military qualified people. That is a reduction of 25 percent.

So your pool to draw from is going down, the quality that we are getting is going down, and you better watch it that you don't get behind the power curve as we have before.

Commodore RIENDEAU. May I add one comment on the survey and the awareness? I don't have the numbers precisely, but prior to last fall we experienced about a year and a half hiatus on any television advertising for the Navy. The only time you ever saw a Navy on television was with the Army, Navy, Air Force, Marines. We added funding last fall and we did start seeing some Navy unique TV advertising in the fall, but it is still at a very low level. TV advertising is of major concern to our Recruiting Command because television is where youngsters develop their perceptions.

Mr. DANIEL. Offhand, do you know what the Navy budget is for advertising?

Commodore RIENDEAU. No, sir; I don't.
Mr. DANIEL. Gentlemen, you may proceed.
Just give it to us for the record, Commodore, when you find it.
Commodore RIENDEAU. Yes, sir.
Mr. DANIEL. Thank you.
[The following information was received for the record:]

The Navy advertising budget is:

[Dollars in thousands]

Fiscal year 1984	14,159
Fiscal year 1985	20,632
Fiscal year 1986	23,296

OPERATION AND MAINTENANCE, MARINE CORPS
FY 1986 PRESIDENT'S BUDGET REQUEST
DECISION UNIT SUMMARY (CONT)
($ IN MILLIONS)

			GROWTH	
	FY–85	FY–86	PRICE	PROGRAM
SUPPLY AND MAINTENANCE	357.1	354.7	+21.1	–23.5
EQUIPMENT MAINTENANCE	121.8	127.4	–3.9	+9.6
TRANSPORTATION OF THINGS	103.5	99.9	+.5	–4.1
INVENTORY CONTROL POINT	73.1	36.7	–2.4	–34.1
SUPPLY DEPOT OPERATIONS	44.2	51.2	–1.2	+8.2
OTHER LOGISTICS SUPPORT	24.8	22.7	1.0	–3.2
COMMISSARY	17.1	16.8	–.3	---
STOCK AND INDUSTRIAL FUND PASS–THROUGH	–27.4	0	+27.4	---

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CHART #7

General CRIST. Turning then to chart No. 7, sir, "Supply and Maintenance," you see a $23.5 million decrease there, and that is all primarily due to the fact that the MPS requirements are being reduced as those squadrons deploy. The $9.6 million increase in "Equipment Maintenance" will allow us to maintain a depot maintenance zero backlog. The reductions in the "Inventory Control Points," and "Transportation of Things" are all really based on MPS requirements going down.

OPERATION AND MAINTENANCE, MARINE CORPS
FY 1986 PRESIDENT'S BUDGET REQUEST
DECISION UNIT SUMMARY (CONT)
($ IN MILLIONS)

			GROWTH	
	FY–85	FY–86	PRICE	PROGRAM
TRAINING AND EDUCATION	63.1	62.9	–.2	–.1
TRAINING SUPPORT	41.1	40.9	+.9	–1.1
SPECIALIZED SKILLS	12.7	13.2	–.8	+1.2
RECRUIT TRAINING	5.6	5.0	–.2	–.4
PROFESSIONAL DEVELOPMENT	3.3	3.5	---	+.2
OTHER	.4	.4	---	---
RECRUITING AND ADVERTISING	53.1	57.6	+1.6	+2.9
RECRUITING	38.4	39.6	+1.0	+.1
ADVERTISING	14.7	18.1	+.6	+2.8
OTHER PERSONNEL SUPPORT	19.7	23.3	+.5	+3.0
OFF–DUTY EDUCATION	8.9	9.3	+.4	---
MC JROTC	3.1	3.2	+.1	---
OTHER	7.7	10.8	---	+3.0

CHART #8

General CRIST. Turning to chart No. 8, "Training and Education," remains essentially level. As we were just discussing, the $4.6 million increase in "Recruiting and Advertising" includes $2.8 million more for advertising for the reasons that we discussed. And I should mention, Mr. Hutto, that also includes such things as inserts for campus newspapers, wall posters, billboards, and similar items.

OPERATION AND MAINTENANCE, MARINE CORPS
FY 1986 PRESIDENT'S BUDGET REQUEST
DECISION UNIT SUMMARY (CONT)
($ IN MILLIONS)

			GROWTH	
	FY-85	FY-86	PRICE	PROGRAM
ADMINISTRATION AND ASSOCIATED ACTIVITIES	102.1	114.3	+.5	11.7
CIVILIAN PERSONNEL	53.8	55.1	-1.6	+2.9
OTHER CONTRACTS	18.4	22.8	+.7	+3.7
DISABILITY COMP/POSTAL	17.3	18.1	+.8	---
SUPPLIES, SERVICES, OTHER	12.6	18.3	+.8	+5.1
BASE COMMUNICATIONS	25.1	23.7	+.7	-2.1
PURCHASED COMM	13.9	14.3	+.6	-.2
CIVILIAN PERSONNEL	5.0	5.1	---	+.1
OTHER CONTRACTS	4.4	2.9	+.2	-1.8
ALL OTHER	1.8	1.5	---	-.3

CHART #9

General CRIST. Turning to "Administration and Associated Activities" on chart No. 9, this shows the highest program growth and less, Mr. Chairman, lest you draw the conclusion that Marine Corps administrative overhead is dramatically increasing, I should quickly point out that half of that increase is attributable again to the migration of $5.9 million from "Procurement, Marine Corps."

The entire increase, for instance, under supplies, services and other is attributable to those dollars.

Other contracts provides for the development of a real-time accounting and budgeting system to enable us to more precisely manage budget execution, and also to develop a Marine Corps planning module within the Joint Operations Planning and Execution system.

OPERATION AND MAINTENANCE, MARINE CORPS
FY 1986 PRESIDENT'S BUDGET REQUEST
CIVILIAN PERSONNEL
($ IN MILLIONS)

	FY 1984		FY 1985		FY 1986	
	PERSONNEL	FUNDS	PERSONNEL	FUNDS	PERSONNEL	FUNDS
U.S. DIRECT FUNDED	14,880	351.8	15,125	365.0	15,355	363.5
FNIH	2,747	47.5	2,770	51.7	2,770	55.7
TOTAL:	17,627	399.3	17,895	416.7	18,125	419.2

General CRIST. Since 25 percent of the O&M budget is devoted to civilian personnel, I thought it might be useful to display a quick rollup of our civilian status on chart 10. The decline of $1.5 million for U.S. civilians from fiscal year 1985 clearly shows the impact of $13.7 million decrease associated with the 5-percent civilian pay reduction.

Mr. DANIEL. General, say that again. What percent of it is——

General CRIST. The decline of $1.5 million, sir, in the total funding between 1985 and 1986 shows the impact of the $13.7 million coming out of this area which is associated with the 5-percent civilian pay cut.

Mr. DANIEL. No, sir. The point I was trying to get you to repeat was about the percentage of civilian personnel.

General CRIST. Twenty-five percent, sir.

Mr. DANIEL. Twenty-five percent.

General CRIST. Twenty-five percent, and that has remained pretty steady over the last few years. Just about 25 percent of this budget is for civilian personnel.

Mr. DANIEL. You were getting ready to tell us about what effect this pay cut, proposed pay cut would have in the event that it was approved.

General CRIST. Yes, sir. What I was trying to say is that we have reduced our budget by $13.7 million, which is the savings in associ-

ated directly with that pay cut. And that is only partially offset by a 230 end-strength increase and the annualization of pay raises.

As I said at the outset, this budget really has one purpose and that is to improve combat capability, as this committee well knows. The $1.7 billion we have requested will enable us to continue those readiness, sustainability and modernization programs that are well underway now and from which we are beginning to reap the benefits. We must, I believe, continue to be concerned with the level of readiness support and maintenance of real property, personnel support equipment and the operations and training of our forces. And we must also ensure that the proper dollar relationship is maintained between the modernization programs that we have in the procurement appropriations and the operation and maintenance demands that those modernization programs beget.

Throughout this entire process, sir, I can assure you we will continue to seek every means to effect economies and efficiencies so the taxpayers' dollars will be paid back in a stronger, more combat-ready Marine Corps. Your continued support, which has never been flagging, will see to it that the U.S. Marine Corps is and will continue to be the cutting edge.

Thank you, Mr. Chairman.

Prepared Statement of Lt. Gen. George B. Crist

INTRODUCTION

Mr. Chairman and members of the Committee, I am Lieutenant General George B. Crist, Deputy Chief of Staff for Installations and Logistics, Headquarters, U. S. Marine Corps. It is a privilege to appear before you today to present the fiscal year 1986 Operation and Maintenance, Marine Corps (O&MMC) budget request. This year our budget request totals $1.7 billion, a decrease of $16.5 million from last year's budget.

At the outset, I would like to thank the members of the Committee and the Congress for their unswerving support of our efforts to increase the military capability of the Marine Corps. In particular, as the midpoint of our modernization effort is reached, we can now see tangible evidence of significant improvement in the military capability of our combat units. This momentum, continued to fruition, will ensure that the Marine Corps remains the Nation's premier force-in-readiness.

The Marine Corps Operation and Maintenance budget has but one objective: to improve military capability. Therefore, I will first describe the proposed budget in terms of what it will add to our military capability, as categorized by contributions to the four pillars of military capability: readiness, sustainability, modernization, and force structure.

Achievement of greater capability is not the sole criterion. You need to know that the funds Congress has provided are buying the most "bang for the buck." The Marine Corps prides itself on a track record of frugality. We have sought, and continue to seek, economies and efficiencies which will stretch those precious dollars you have given us. The second part of this statement will, therefore, outline those economies and efficiencies which we have achieved to date and what we are looking for in the future.

With the foregoing as a framework, the final portion of the statement will provide an overview of the proposed budget.

MILITARY CAPABILITY

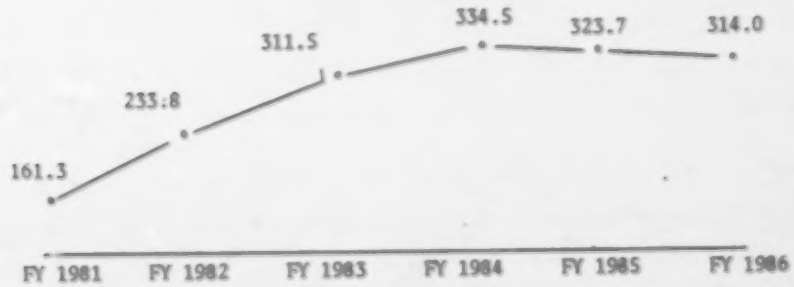
READINESS

Readiness, for the Marine Corps, is perhaps the foremost pillar of military capability. As the "First to Fight," no matter what else, we must be ready now. The O&M appropriation is characterized as the "Readiness" appropriation since the preponderance of its funds directly impact on the various areas of readiness: training; materiel; personnel; and base operating support. Of particular note, the capabilities provided by the Maritime Prepositioning Ships (MPS) Program and the Norway Prepositioning Program will significantly contribute to the readiness of the Marine Corps.

Training Readiness

Training is a major ingredient of Marine Corps readiness. Accordingly, Marine Corps training stresses demonstration of performance standards at all training levels from amphibious operations down to the training of individual fighting skills required for small unit tactics. The training readiness of the operating forces is higher today than ever before because of the training improvements funded by this appropriation.

FMF SUPPORT FUNDING PROFILE
($ MILLIONS)



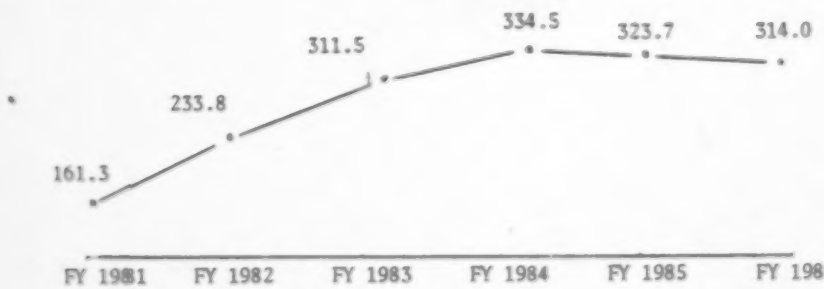
The funding provided directly to the Fleet Marine Forces (FMF), depicted in the chart above, accounts for approximately 20 percent of the O&MMC appropriation. This growth in funding for the operating forces has permitted increases in the following direct

readiness-related areas: exercise participation; Battalion Field Training Days (BFTDS); mission-oriented training; development of individual training standards; use of training simulators; and the Maritime and Norway Prepositioning Programs. Because the interrelated contributions of the individual elements have a synergistic effect upon overall training readiness of the Marine Corps, let us examine each in more detail.

Exercises

Integrated exercises are the culmination of Marine Corps training. The funding profile below depicts the growth in funding operations down to the training of individual fighting skills required for small unit tactics. The training readiness of the operating forces is higher today than ever before because of the training improvements funded by this appropriation.

FMF SUPPORT FUNDING PROFILE
($ MILLIONS)



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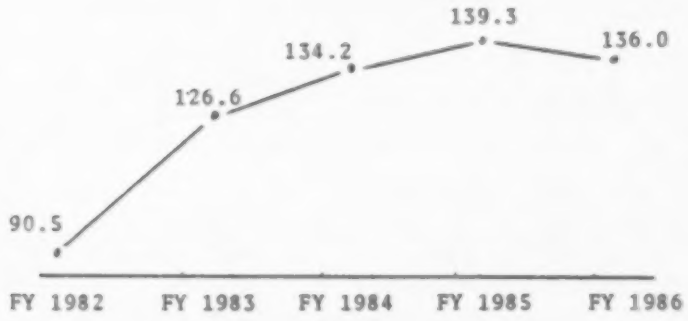
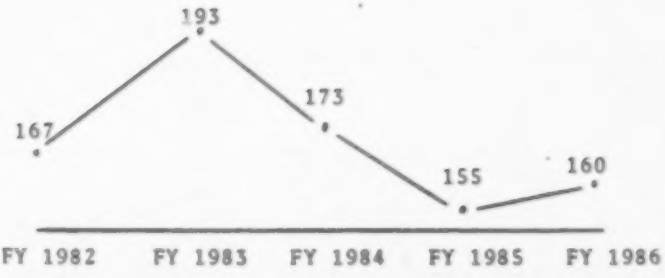
Exercises

Integrated exercises are the culmination of Marine Corps training. The funding profile below depicts the growth in funding devoted to the administration, operation, and training of the operating forces since fiscal year 1982.

FMF ADMINISTRATION, OPERATIONS AND TRAINING
($ MILLIONS)



FMF EXERCISE PARTICIPATION
(# OF EXERCISES)



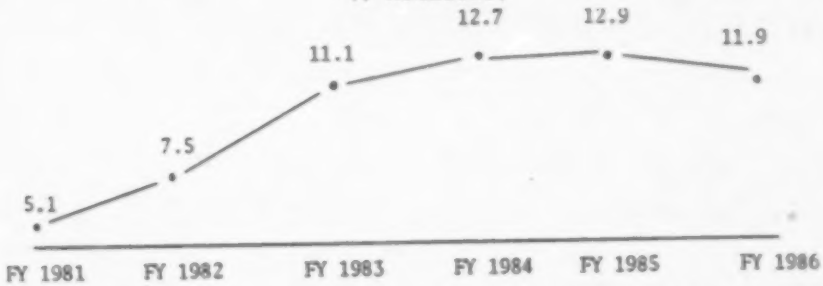
These exercises provide the Marine Corps with the opportunity to train under a variety of threat scenarios, environmental conditions, and locales in order to simulate combat conditions. Commanders are thereby able to evaluate their contingency plans, and staff coordination, and command and control mechanisms, so necessary for future success on the battlefield.

In fiscal year 1986, the total number of exercises is consistent with the fiscal year 1985 level. Budgeted fiscal year 1986 funding of $136.0 million for administration, operations, and

training represents the minimum funds required to support desired participation in these exercises compared to fiscal year 1985.

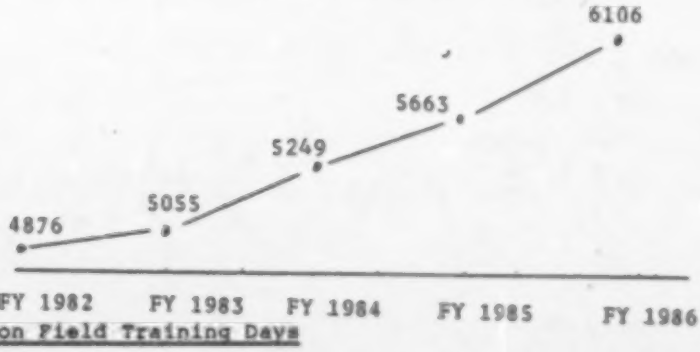
As noted in the chart below, the Marine Corps has devoted increased funds in recent years for participation in JCS directed/ coordinated exercises. The Marine Corps has benefited considerably from these exercises. They provide the opportunity for the Marine Corps to plan, coordinate, and execute with other Services in a manner closely resembling probable deployments.

FUNDING FOR JCS DIRECTED/COORDINATED EXERCISES
($ MILLIONS)



The scope and complexity of JCS exercises have increased and exercise objectives have been expanded to include joint/combined tactics, techniques, and procedures. Strategic capabilities, including the ability to perform difficult and complex operations over extended periods have been improved. The success of the joint task force operation in Grenada, in which the Marine Corps played a major role, can be directly related to the investment in these types of exercises.

Battalion Field Training Days



/ Battalion Field Training Days

The number of Battalion Field Training Days (BFTDs) represents actual field training time by Marine Corps units, excluding training received in garrison or on amphibious shipping. This

field training time provides units with the opportunity to hone their combat skills by improving individual and collective technical and tactical proficiency.

This measurement does not fully reflect the dynamic nature of the Marine Corps training system. However, it does provide a general index of the level of effort expended toward achieving and maintaining a ready state among our units.

Since fiscal year 1982, this measurement has reflected a steady increase in Marine Corps training opportunities; increasing from 4876 in 1982 to 6106 for fiscal year 1986.

The increase of 443 BPTDs for 1986 over 1985 is primarily associated with the training to be received by the additional artillery battalion to be activated in fiscal year 1986 with the M198 Towed 155MM Howitzer and the third battalion of Light Armored Vehicles (LAV). In addition, funding in 1986 will provide for a 27 percent increase in training days for the Marine Corps', three Assault Amphibious Vehicle (AAV) Battalions and a 70 percent increase for the three Combat Engineer Battalions.

Mission-Oriented Training

Realistic, mission-oriented training, both individual and unit level, continues to be a key element in the daily readiness of the Marine Corps. Such training permits Marines to train as a total force, integrating both active and reserve participation in air-ground training. This year's funding level permits Marines to continue to experience training under varied terrain and climatic conditions.

The nature of the Marine Corps' primary mission requires a continuing emphasis on amphibious training. Amphibious exercises are the culmination of this training, resulting in the Marine Corps maintaining its ability to satisfy the unique challenges of amphibious warfare.

The most realistic training is conducted at the Marine Corps Air Ground Combat Center (MCAGCC), Twentynine Palms, California. In recent years, eight regular and two reserve infantry battalions

have been task organized into Marine Air-Ground Task Forces (MAGTFs) with appropriate combat support, combat service support, and aviation combat elements to conduct combined arms exercises (CAXs). In 1984, the decision was made to expand the scope of these exercises to more realistically reflect the manner in which Marines will be employed in combat. Accordingly, in fiscal year 1985, selected exercises at Twentynine Palms were increased to include MAB-level participation.

Since fiscal year 1982, the Marine Corps has invested $21.0 million in military construction funds to develop and improve its Mountain Warfare Training Center at Bridgeport, California. The Mountain Warfare Training Center offers unique conditions in which to learn fighting and survival skills in a mountainous and cold-weather environment. As a result of the expansion and development of permanent facilities, the Mountain Warfare Training Center now annually trains over 12,000 Marines, including 10 battalion-sized units, of which one or more are from the Marine Corps Reserve.

Individual Training Standards

In fiscal year 1985, the Marine Corps accelerated development of individual training standards. The establishment of these additional standards will provide increased capability for the evaluation of training, standardize acceptable levels of performance, eliminate unnecessary training, enable efficient allocation of training resources, ensure that all tasks for satisfactory performance are identified, avoid duplication of effort by units and training institutions, and validate occupational field structure. These standards will form the basis for future design, development, implementation, and evaluation of all individual training to ensure the readiness of the individual Marine.

With the funding of $3.7 million requested for fiscal year 1986, approximately 20 percent of the program will be completed.

Training Simulators

Training readiness is enhanced by the use of state-of-the-art training simulators. These simulators accord Marines the opportunity to train effectively within training ammunition allowances which are limited due to the high cost of such sophisticated ammunition as the TOW and DRAGON missiles. These special training devices add realism to training and permit Marines to experience those situations which closely resemble the conditions under which they will fight.

These simulators and special training devices, operated and maintained by funding provided by this appropriation, include such training enhancement as the Training Set Fire Observation (TSFO) for forward observers; the Launch Environment Simulator-Dragon for DRAGON missile system operators; and the Multiple Integrated Laser Engagement System (MILES) for tactical maneuver live fire simulation.

The biggest single improvement in tactical training has been the fielding of MILES. Through its use, units can conduct two-sided, free-play combat engagements with accurate weapons effects simulation and real-time casualty assessment. This enhancement provides commanders with immediate feedback as to the combat effectiveness of their units.

Most requirements to equip the active forces with these simulators will be satisfied with the Procurement, Marine Corps funding requested through fiscal year 1986. Use of these devices provides significant savings since the present ammunition allowances for training can be more effectively used rather than requiring higher allowances. In addition, the maintenance and repair of the weapons themselves will be reduced by the use of these simulators.

The development and use of electronic wargames such as the Tactical Warfare Simulation, Evaluation, and Analysis System (TWSEAS) and manual war games used by lower-level staffs have meant that full combat staff planning, coordination, and execution can be simulated without additional costly field operations.

The result has been increased training values derived from subsequent actual exercise participation.

Maritime and Norway Prepositioning Programs

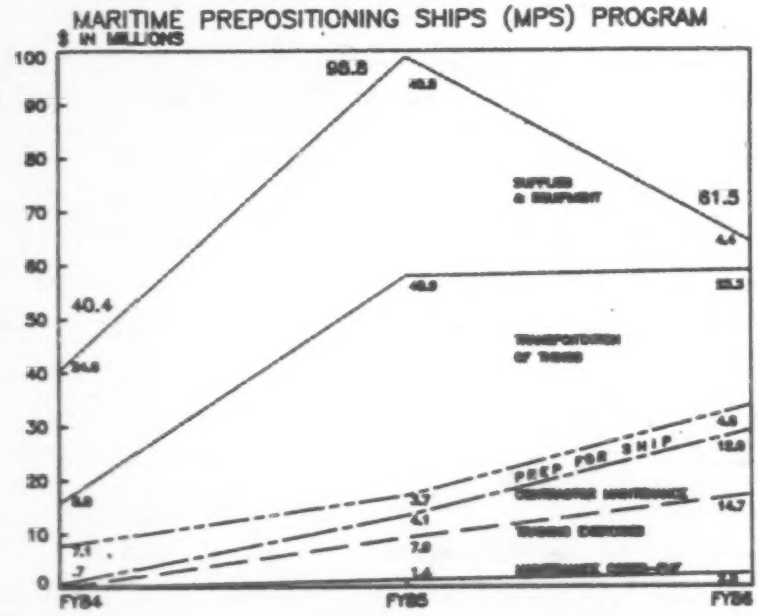
Maritime Prepositioning Ships (MPS). The most dramatic impact upon Marine Corps readiness in 1985 will be the completion of the load-outs of the first two MPS squadrons of the three squadron program. The third squadron will load-out in fiscal year 1986, thereby achieving the full MPS capability. The maritime prepositioning concept is new and exciting, adding a dimension to strategic mobility previously only partially provided by the Near Term Prepositioned Force (NTPF). This capability allows the introduction of a MAGTF of over 16,500 Marines and sailors to a crisis area within ten days with essential combat equipment and 30 days of organic support.

With the complete deployment of the second MPS squadron in the first quarter of fiscal year 1986, the NTPF will be relieved. This relief results in savings of $5.6 million in NTPF-related exercises and maintenance costs. However, an additional $10.0 million will be required for the off-load and transportation of NTPF assets for repair/rebuild, return to storage sites as part of the normal Prepositioned War Reserve (PWR), and/or distribution to operating forces to free up other equipment for evacuation and repair.

The chart below portrays the O&MMC funding profile for the MPS program. The fiscal year 1985 program of $98.8 million, which includes the additional $27.2 million provided by Congress, provided funds for the load-out of the first MPS squadron, its reconfiguration onto the permanent ships assigned to the first squadron, the load-out of the second MPS squadron, and the purchase of the supplies for the third MPS squadron.

The fiscal year 1986 budget request reflects a net decrease of $37.3 million from the $98.8 million appropriated in fiscal year 1985 to support the MPS program. The major decrease is a $34.0 million reduction from 1985 for supplies and equipment reflecting

the completion of the purchase of items for the third squadron of MPS in fiscal year 1985, which completes the initial outfitting of the MPS brigades.



Of the $61.5 million requested for fiscal year 1986, $27.9 million provides for the receipt, care in storage, preparation for shipment, transportation, and port handling (stevedoring) costs associated with the stand-up of the third MPS brigade. The transportation and port handling costs are reduced $17.6 million from the fiscal year 1985 level since the fiscal year 1986 budget provides for the load-out of only the four ships for MPS-3 compared to nine ships in fiscal year 1985.

It should be noted that the MPS program will be dynamic with recurring costs for the replenishment and replacement of consumable supplies and repair parts associated with continued equipment modernization. In fiscal year 1986, $4.4 million is requested to support the purchase of such items.

Of significance in 1986 is the $12.0 million requested to support the civilian contract maintenance personnel permanently stationed aboard the MPS squadrons. These personnel will perform cyclic and preventive maintenance of the supplies and equipment aboard the ships, assist in the major biennial maintenance

periods, and perform necessary major post-exercise maintenance. Their efforts are crucial to maintaining the daily readiness of the embarked equipment and weapons. The NTPF ships did not have the capability to permit on-bpard maintenance.

The fiscal year 1986 request contains $17.2 million to man, maintain, and operate the embarkation port facilities during the load-out of MPS-3 as well as the exercising of MPS during fiscal year 1986. Of special note during fiscal year 1986 is the requested $14.7 million to exercise the first two MPS squadrons. With the load-out of these squadrons in 1985, fiscal year 1986 offers the first opportunity to begin full operational exercising of these important additions to our strategic mobility. These funds will also provide for the post-exercise maintenance effort to be performed by Marines.

Norway. The prepositioning program for Norway continues on track. Since November 1982, the Marine Corps has steadily increased the amounts and types of equipment shipped to Norway for storage as part of the overall program to preposition mission-essential selected equipment and supplies to support a Marine Amphibious Brigade (MAB). This strategic mobility program supports the rapid reinforcement of NATO -- specifically the vital Northern Flank which, in part, controls the sea lines of communications between the United States and Europe. Once in place, the prepositioned stocks will support the force closure of a MAB in a matter of days. Such a mobility enhancement sends strong signals of American resolve to our Allies.

The $4.9 million requested for fiscal year 1986 supports the transportation and associated costs of planned equipment deliveries to Norway; cyclic and preventative maintenance of the equipment while in storage; and post-exercise maintenance costs.

Close and continuous coordination exists between American and Norwegian planners in all aspects of this program to include insuring the provision of adequate storage capacity by the Norwegians for intended shipments. This joint venture has proceeded very smoothly, including the first and very successful

withdrawal and exercising of selected equipment in 1984 during the TEAMWORK-84 exercise. Additionally, as the stocks of supplies and equipment prepositioned in Norway continue to increase, withdrawal from storage and use of these items will also be integrated into regularly scheduled exercises.

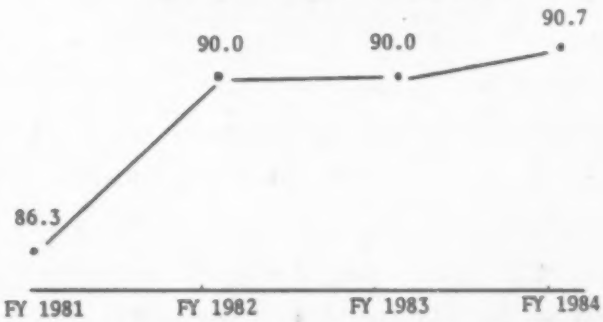
It is essential to exercise these two mobility enhancements to ensure their successful integration into the framework of our Nation's readiness posture.

Materiel Readiness

Materiel readiness consists of two fundamental components: the inventories of equipment and supplies on hand relative to wartime requirements; and the condition in which they are maintained.

We track materiel readiness by focusing on the condition of 265 critical principal end items. The chart below depicts materiel readiness from the end of fiscal year 1981 to the end of fiscal year 1984.

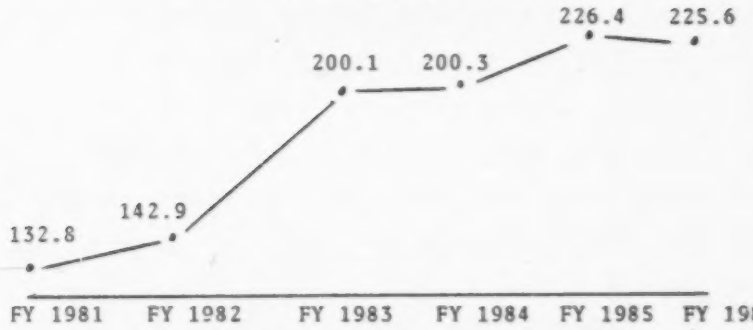
MATERIEL READINESS RATINGS
(% EQUIPMENT COMBAT-READY)



This increase in overall materiel readiness was accomplished by a combination of two major actions in the past few years: introduction of new equipment to the operating forces; and increased funds for the maintenance of equipment.

Equipment Maintenance. The chart below reflects the increased funding for equipment maintenance, including funds provided for depot maintenance.

EQUIPMENT MAINTENANCE FUNDING
($ MILLIONS)



Of the $314.0 million budgeted for direct use by the operating forces this year, almost one-third, $98.2 million, is for the maintenance and repair of authorized equipment. This major use of funds by the FMF supports the high operating tempo of the forces.

In addition, of the $354.7 million budgeted for Central Supply and Maintenance, $127.4 million, 35 percent is to support depot maintenance of equipment. These latter funds are necessary to meet the Defense Guidance which requires achieving and maintaining a zero backlog of depot-level maintenance for principal end items and secondary items to assure the highest levels of equipment readiness.

As indicated above, increased materiel readiness has been achieved and maintained by significantly increased funding levels. In the future, additional funds will be necessary to sustain this high degree of equipment readiness because of anticipated maintenance costs associated with increased amount of new equipment being provided to the operating forces.

Factory Training. Concomitant with the introduction of new equipment to the operating forces is the requirement to provide initial skill training to Marines on the maintenance and repair of the equipment.

In fiscal year 1986, $6.3 million is requested to fund the development of course material, training aids, and instruction delivered to initial key personnel. Much of this initial skill training is provided at the equipment contractor's production

sites. Subsequent training includes production contact teams providing follow-on training at the FMF unit using the equipment.

Contractor Support. Given the complexity of certain low-density electronic equipment and weapons systems today, the Marine Corps continues to require Contractor Engineering Technical Services (CETS) for fielded systems. Contractor technical representatives provide technical support to install, operate, and maintain highly complex electronic equipment until Marines in the field achieve proficiency.

Funding of $5.1 million for this program in fiscal year 1986 will provide approximately 80 percent of the required technical support.

Civilian maintenance contract, non-CETS, personnel will play an important role in the MPS program. In fiscal year 1986, $12.0 million is being requested for the civilian contractor maintenance of MPS supplies and equipment to assure maximum combat readiness of these items. The ships constructed for the MPS squadrons were designed to provide adequate space for the performance of cyclic maintenance. Separate maintenance work spaces were also provided. These provisions were made to insure that the prepositioned equipment would remain in a combat ready condition. Maintenance which cannot be performed aboard ship will be accomplished when the equipment is off-loaded during the biennial recertification of the ships.

For the equipment prepositioned in Norway, Norwegians will perform the cyclic maintenance and assist in post-exercise maintenance on a reimbursable basis.

Funds for the maintenance support of prepositioned equipment are necessary to insure that the equipment is fully operable. Because of the nature of its intended use, there can be no uncertainty as to the readiness of that equipment.

Personnel Readiness

The individual Marine is still the most important element in the readiness equation. The giant strides which we have made in

modernizing the force would have been of minimum value if not complemented by increases in personnel readiness.

We have always prided ourselves on providing a rigorous training regimen with which to challenge our Marines. Today, in large measure because of your support, we are well on the way towards providing modern housing, dining, training, and maintenance facilities. These facilities, coupled with the provisioning of modern equipment, have had a very positive impact on our Marines, which in turn affects overall combat readiness.

Recruiting. All other readiness areas have improved because quality of Marines has steadily improved within the force itself. The infusion of a greater number of educated, more intelligent Marines and the resultant decrease in disciplinary problems have allowed local field commanders to focus on the mission and needs of the total command. Last year the Marine Corps was able to meet all recruiting goals, while continuing to raise standards. Over 95 percent of all non-prior service regular male recruits were high school graduates, and over 96 percent scored in the upper three categories of the Armed Forces Qualification Test. The Marine Corps has been able to achieve these successes, in part, because of your support of the recruiting and advertising programs.

In fiscal year 1986, $57.7 million, an increase of $4.6 million, is being requested to support the recruiting and advertising effort necessary to maintain the quality of individuals electing to serve our country in the Marine Corps.

Given the technical complexity of the equipment and weapons procured to modernize the force, additional demands exist for the recruitment of personnel with the potential to operate this sophisticated weaponry.

This year's advertising support to the recruiting effort requires $18.1 million, an increase of $3.4 million over the fiscal year 1985 level. Of this increase, $2.8 million will be targeted specifically to enhance our efforts at obtaining sufficient quantities of technically qualified young men and women.

Unit Deployment Program. In October 1977, the Marine Corps instituted the Unit Deployment Program to sustain maximum uniform readiness among combat units regardless of location and to reduce the personnel turbulence caused by 12-month dependents restricted tours to the Western Pacific (WESTPAC).

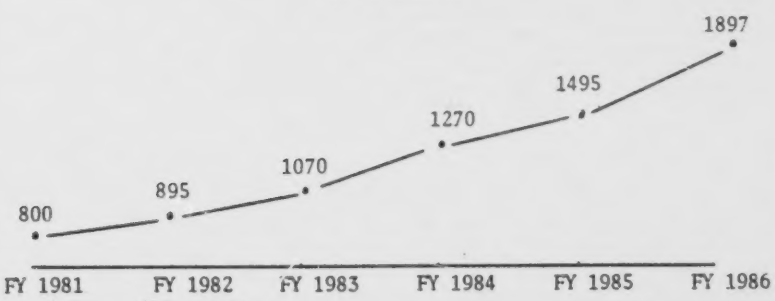
As a result, Marines in infantry battalions and aviation squadrons now deploy to WESTPAC as a unit for 6-month periods from CONUS and Hawaii bases. This creates a significant morale boost by reducing personnel turbulence and increasing family stability. But first and foremost, combat readiness and standardization are increased because of greater unit integrity within the infantry battalions and the aviation squadrons.

For fiscal year 1986, the Marine Corps is requesting $23.5 million for the program, which funds the airlift of the forces as well as the temporary additional duty costs inherent in the concept.

In 1985, the Marine Corps plans to expand the concept by including the first of the combat support units, a tank company, into the deployment sequence. Fiscal year 1986 plans include the addition of another tank company and the initial artillery battery involvement into the program. These additions are logical extensions of the program in order to gain maximum readiness benefits.

Increased Overseas Accompanied Tours. Another means of improving readiness by reducing personnel turbulence is the use of increased accompanied tours in WESTPAC. The chart below indicates the doubling of accompanied tours on Okinawa since 1981.

ACCOMPANIED OVERSEAS TOURS
ON OKINAWA



The preponderance of this increase has been for officers and senior non-commissioned officers who will be stationed overseas for three years rather than the previous one-year tours. This means that commanders and other key personnel can be assigned for full tours to provide needed undisrupted leadership. Unit productivity and readiness are improved as a result of the increased personnel continuity. These numbers will continue to increase as support facilities, especially housing, are brought on-line.

We believe that the additional facility maintenance and assorted support costs funded by the O&M appropriation, e.g., Marine Corps Family Service Centers, are more than offset by the positive impacts on personnel readiness resulting from increased personnel stability and improved family morale. Future payoffs are expected to include increased retention of quality career Marines.

Base Operating Support

Integral to the concept of readiness is the less glamorous but necessary component of the supporting establishment upon which the operating forces must depend.

Marine Corps bases and installations provide the necessary facilities to house, feed, train, and service the operating forces. Of the fiscal year 1986 budget request of $1.7 billion, 45 percent, $740.6 million, represents costs associated with base operating support and telecommunications. These costs are "hidden" in most discussions on readiness because of their perceived indirect impact. Nonetheless, funding fluctuations for base operating support, especially in the areas of facility maintenance and "quality of life" items, e.g., personnel support equipment and food preparation and serving equipment, directly affect the living and working conditions of our Marines. Consequently, this sizeable funding area does directly influence readiness.

Civilian Personnel. An important, but often neglected, feature in the consideration of readiness is the significant

contribution of the civilian work force to maintaining the Marine Corps as a "force-in-readiness." The Marine Corps adheres to a very stringent policy requiring that civilian personnel be used to meet the needs of supporting activities to the maximum extent practicable.

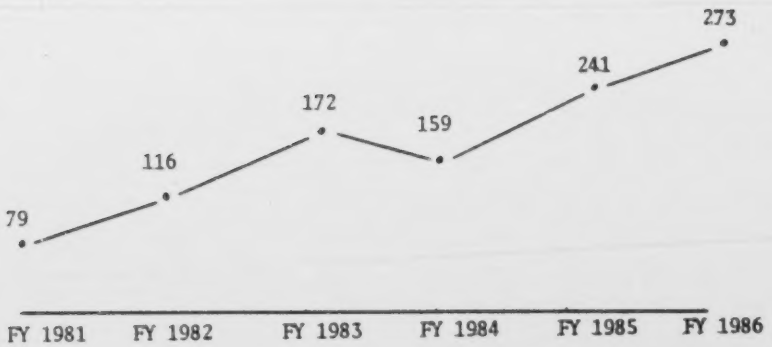
This policy permits us to more effectively man the FMF with Marines; improve FMF training, readiness, and manpower sustainability; provide continuity in operations; and provide specialized expertise to our supporting activities not otherwise available within the military community. Marine Corps civilian personnel are employed in a wide variety of professional, technical, and administrative functions.

Military and civilian manpower resources are integrated to maximize efficiency and avoid duplication. Our request for 18,125 O&MMC direct funded civilian personnel in fiscal year 1986 is necessary to continue to meet mission responsibilities while maintaining minimum military strength levels. Any degradation of civilian levels will result in a draw-down of military manpower from the operating forces, resulting in a decrease in readiness.

This year's budget requests funds for an additional 262 civilian personnel, offset by 32 saved as a result of Efficiency Reviews. Of the requested increase, 218 are directly readiness-related. These increases will be discussed in detail in the Funding Overview section.

Facility Maintenance. The physical condition of Marine Corps facilities in which Marines live, eat, and work directly impacts upon the readiness of the operating forces. Marines recognize that the Marine Corps is concerned about their living and working conditions by the number of new and modernized facilities being provided in CONUS and overseas. The chart below depicts the dramatic increase in funds appropriated for military construction for the Marine Corps since fiscal year 1981.

MILITARY CONSTRUCTION FUNDING
($ MILLIONS)



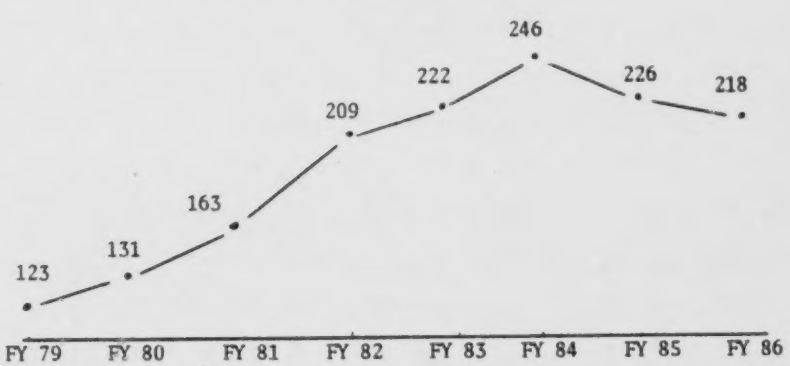
This steady growth in funding since fiscal year 1981 has provided modern living and dining conditions at an unprecedented rate and certainly has contributed to the retention of Marines as reflected by increasing first-term reenlistment rates.

Modern maintenance and training facilities have also been provided by these funds, directly impacting upon the increased materiel and training readiness of the operating forces.

While military construction funding has continued to increase, maintenance and repair of real property funding by the O&MMC appropriation has not kept pace.

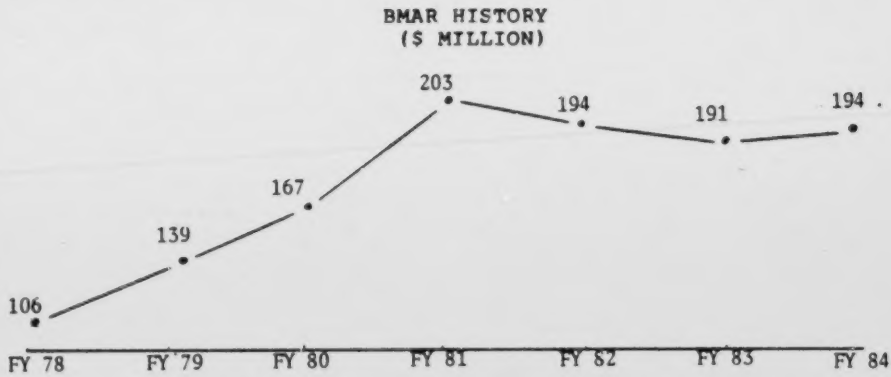
The chart below depicts actual O&MMC MRP funding for maintenance and repair since fiscal year 1979.

MAINTENANCE AND REPAIR FUNDING
($ MILLIONS)



As a result of reduced maintenance and repair funding levels, the Marine Corps has not achieved the desired facility Backlog of Maintenance and Repair (BMAR) levels. The chart below depicts the

growth and subsequent relative stabilization of BMAR since fiscal year 1978.



In spite of the fact that our reported BMAR levels remain above the Congressional goal of $106 million, I believe that we have made real progress in improving the condition of our bases.

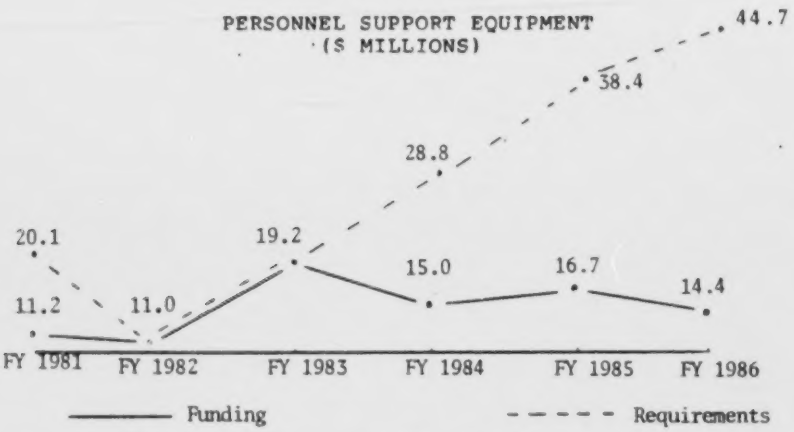
I think the nearly $1.1 billion investment we have made in maintenance and repair work from 1979 to 1984 has been a good investment; better than the reported BMAR figures alone would indicate.

Supplies and Equipment. Personnel Support Equipment (PSE), Food Preparation and Serving Equipment, and Military Construction Collateral Equipment are "quality of life" items which have a direct bearing on readiness. These programs provide the equipment to make the individual Marine more efficient in his daily activities as well as contributing immensely to his physical and mental health. The laundry, mess, shop, and barracks equipment funded by these programs may be commonplace items, but they are essential to readiness. If Marines have to live and operate under inadequate hygienic conditions or with out-moded, inefficient support equipment, overall readiness is impaired.

Personnel Support Equipment. The provisioning of adequate Personnel Support Equipment (PSE) is an essential corollary to our program of modernizing and upgrading of barracks, bachelor officer quarters, and administrative spaces.

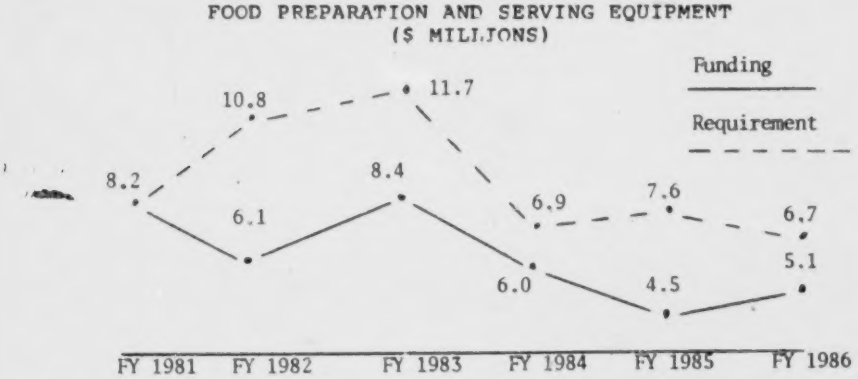
The chart below displays the O&MMC funding, since fiscal year 1981, compared to the upgrade requirements. Requirements for

PSE are based upon the replacement and augmentation of the total PSE inventory over a 5-10 year period.



The apparent decline in requirements occurred in reaction to the OMR Furniture Moratorium imposed during fiscal year 1980 and extending into fiscal year 1981. Once the moratorium was lifted, requirements increased, reflecting the need to replace unserviceable equipment and to outfit renovated facilities.

Food Preparation and Serving Equipment. With the modernization of Marine Corps mess halls there has been a substantial increase in the requirement for Food Preparation and Serving Equipment (FPSE). The chart below graphs the relationship between O&MMC funding levels and the requirement.

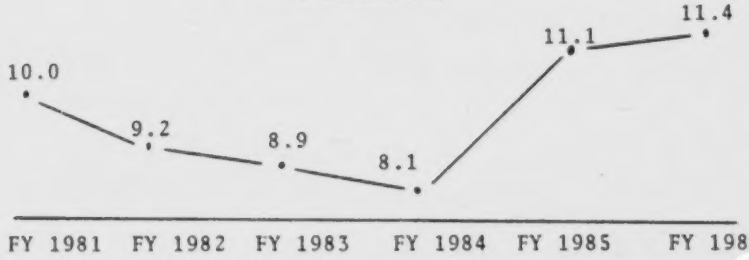


Rising equipment costs, coupled with higher replacement and technology improvement costs increased funding requirements. Since fiscal year 1983, O&MMC FPSE requirements have decreased

because the unit cost of the equipment necessitated procurement rather than O&MMC funding. Accordingly, much of the FPSE requirement has been funded by the procurement appropriation. Beginning in fiscal year 1986, the O&MMC apporpriation will fund for all FPSE because of the revision to the expense/investment criteria.

Collateral Support Equipment. Collateral support equipment provides the initial outfitting of equipment for newly constructed or renovated facilities. For example, for new barracks these funds provide the initial beds, desks, and wardrobes to complete the facility.

COLLATERAL SUPPORT EQUIPMENT
($ MILLIONS)



Historically, O&MMC funded collateral support equipment for military construction projects approximates 5 percent of the MILCON budget. However, the actual amounts for any given year will vary by type of construction project. Accordingly, since fiscal year 1981 a slight decline in collateral equipment funding occurred. Nonetheless, all requirements have been satisfied.

SUSTAINABILITY

Whereas first to fight and readiness are synonymous with the Marine Corps, the ability to continue the fight once joined is equally important. Here we are talking about sustainability as a function of the capability to resupply the weapons, equipment, munitions, and secondary items in response to combat attrition or consumption. Sustainability also implies a capacity for maintaining the Marine Corps' fighting posture under all foreseeable circumstances.

Materiel Sustainability.

Materiel sustainability is usually measured in numbers of Days of Supply (DOS). The goal is 60 DOS on hand for each Marine Amphibious Force (MAF). While Prepositioned War Reserve Materiel Requirement (PWRMR) attainments are primarily funded by the Procurement, Marine Corps appropriation and the Marine Corps Stock Fund, O&M funds do procure the PWRMR for Classes II (Clothing and Organizational Equipment), IV (Construction Material), VIII (Medical Materiel) and IX (Repair Parts) supplies.

The impact of increased O&MMC funds has produced a continuous upward attainment trend in the area of sustainability, particularly in the build-up of PWRM stocks for Class II, Class VIII and Class IX (Class IV has been at 100 percent throughout the period under consideration). The following table shows the significant improvements in attainment for the Fleet Marine Forces from 1982 to 1984:

Percent PWR Attainment

Class of Supply	FY82	FY83	FY84
II	51%	62%	83%
VIII	40%	58%	70%
IX	68%	80%	82%

Shortfalls from the desired goal continue to exist in each Force, with NBC equipment deficiencies being the most serious. Most of the medical materiel deficiencies are short shelf-life consumables which are readily available from commercial sources. Accordingly, it is not intended that full attainments be acquired and maintained.

Requirements determination is a dynamic process, with frequent reviews to ensure combat essentiality for inclusion as PWR stocks. In addition, requirements change corresponding to the addition of new and improved equipment provided under the modernization program.

MODERNIZATION

Modern warfare demands that we achieve and maintain a technological edge over our potential adversaries or, at a minimum,

keep pace with them. Modernization efforts are directed at upgrading aged and obsolescent equipment in order to keep pace with the changing threat. Most of our fiscal year 1986 modernization programs are the continuation of programs which have been started since fiscal year 1982. The operation and maintenance appropriation complements the procurement appropriation by funding the initial issue of new expense-type items as well as their eventual replenishment and replacement. The initial issue of these items can be appropriately considered as force modernization.

The succeeding paragraphs and tables highlight the items of equipment and attainment levels funded by the fiscal year 1985 and 1986 programs, respectively.

ITEM	FY85 ($000)	FY85 ACQUISITION OBJECTIVE (AO) ATTAINMENT (percent)	FY86 ($000)	FY86 ACQUISITION OBJECTIVE (AO) ATTAINMENT (percent)
Lightweight Camouflage Screening System	20,111	59	14,000	68

Lightweight Camouflage Screening System

The Lightweight Camouflage Screening System is a replacement for the burlap garnished twine camouflage nets which are obsolete and no longer available. This camouflage screening system is superior to the burlap system in that it does not absorb water, has more garnish, and includes its own support system, e.g., poles and repair parts. It can be assembled and disassembled more rapidly, provides easier maintenance and handling, provides concealment from enemy radar and lessens the possibility of photographic and visual detection.

The ability of this system to scatter and diffuse radar signals is a marked enhancement over any previous camouflage system, thereby enhancing our ability to survive on the electronic battlefield. Completion of this expensive procurement will require ten years (fiscal years 1980-1989) for all three types of camouflage: Woodland, Desert, and Snow. The overall 68 percent attainment level at the end of fiscal year 1986 represents the

following attainments by type: Woodland, 80 percent; Desert, 72 percent; and Snow, 50 percent. Fiscal year 1986 represents the initial procurement of snow blend netting.

Personal Combat Clothing and Equipment

The personal combat clothing and equipment items are funded as newly developed items to replace current capabilities and in some cases as new requirements. These items are normally low dollar, high volume items required for the welfare and safety of the individual Marine. This funding provides the first initial issue to all Marine Corps units with allowances on their Tables of Equipment. Individual item attainment levels are contained in the following table:

ITEM	FY85 ($000)	FY85 AO ATTAINMENT (Percent)	FY86 ($000)	FY86 AO ATTAINMENT (Percent)
PASGT Vest	3,403	100		
PASGT Helmet	2,189	88	1,246	95
DH 132 Helmet	592	100		
HST/Armored Vehicle/Arty Helmet			7,429	75
Desert Uniform	328	100		
Camouflage Field Jacket	284	80	764	90
Camouflage Poncho	3,402	75	1,096	100
Tropical Uniform			1,666	62
Cold Weather Clothing			11,423	74
Vehicle Crewman Ensemble			1,600	100

The Personnel Armor System, Ground Troops Vest (PASGT) replaces obsolete M55 body armor. The new vest, constructed of kevlar material, covers the upper body and will reduce the number of serious and lethal wounds caused by grenade, mortar, and shell fragments.

The PASGT Helmet, a planned four year procurement, replaces the obsolete steel helmets adopted for Marine Corps use more than 25 years ago. The helmet is constructed of kevlar material and offers increased ballistic protection to the head, temple, ear, and neck areas against fragmenting munitions.

The HST/Armored Vehicle/Artillery Helmet will provide protection for Helicopter Support Teams (HST), combat vehicle crewmen, and artillerymen. The fiscal year 1986 procurement completes the outfitting for combat vehicle crewmen. Helmets for

the artillerymen and helicopter support teams will be a two year procurement beginning in fiscal year 1986.

The Desert Camouflage Uniform ensemble consists of 10 items for wear in hot, dry climates. These items are new to the Marine Corps and do not replace any current items in the inventory. The Desert Undershirts, to be funded in fiscal year 1985, will be worn with the desert uniform, but were not included in the original ensemble procurement because of production nonavailability.

Woodland Blend Camouflage Field Jacket, a four year procurement, replaces the old olive green sateen jacket. The jacket is designed for cold weather operations, but is also authorized to be worn with the woodland blend battle dress uniform.

The Woodland Blend Camouflage Poncho, a two year procurement, replaces the old olive green wet weather poncho. The new poncho will also complement the woodland blend battle dress uniform.

The Tropical Uniform, a two year procurement, will provide a uniform suitable for wear in hot, moist environments. It does not replace any current items. The desert and tropical uniforms will be retained in the Training Allowance Pools (TAPs) for issue as necessary for either combat or training exercises.

The Improved Cold Weather Clothing, a two year procurement, will replace the current six layer, bulky, cold weather system which has not been improved/upgraded since the 1950's. While it increases protection from environmental hazards, the weight of the new system is 30 percent less than the current system.

The Vehicle Crewman Ensemble, which consists of 11 items, will be worn by crewmen aboard tanks, LVTs and LAVs. The uniform ensemble provides combat vehicle crewmen with safety and maximum comfort during extended periods of vehicle operation, as well as providing space for items necessary for individual survival.

Nuclear, Biological, and Chemical Defense

The Nuclear, Biological, and Chemical (NBC) items are procured as newly developed items required for NBC defense. Funds for

these items provide the initial issue to using units with replacements becoming the responsibility of the unit. Item attainment levels are contained in the following table.

ITEM	FY85 ($000)	FY85 AO ATTAINMENT (Percent)	FY86 ($000)	FY86 AO ATTAINMENT (Percent)
Chemical Protective Overgarment			8,320	21
M17A2 Mask	10,000	100		
Nerve Agent Antidote	3,820	100		
Radiac Dosimeter			840	50

The improved Chemical Protective Clothing, a three year procurement, will replace the current two piece, olive green overgarment. The suit provides protection against vapors, aerosols, and small droplets of chemical agents.

The M17A2 Mask is a newly improved version of the M17A1 Mask. The M17A2 will be the basic mask provided to every Marine for protection against chemical attack.

Funding for the Nerve Agent Antidote will bring the operating forces to full allowance for these items.

The IM-185 Radiac Dosimeter, a two year procurement, replaces the IM-143 dosimeter and provides increased NBC detection capabilities because of its gamma and neutron detection capabilities.

These chemical protective clothing and equipment items will assisting in modernizing the Marine Corps NBC defense capability -- but we are a long way from achieving our goals.

Force commanders continually report NBC supplies and equipment as their most significant equipment deficiency. The equipment and supplies on-hand do not even satisfy initial NBC defense capabilities let alone Prepositioned War Reserve requirements. The present decontamination system system is old, fragile, and unreliable: there is no viable decontamination capability. Beyond fiscal year 1986, progress towards satisfying these critical needs is dependent on successful completion of present research and development in such areas as decontamination equipment, chemical agent monitors and individual chemical agent detectors.

Test Measurement Diagnostic Equipment

Test, Measurement, and Diagnostic Equipment (TMDE) provides the FMF with the capability to fault-isolate, troubleshoot, and repair items of communications-electronics and weapons systems. As new principal end items are introduced in the Marine Corps, the inventory of TMDE must be continuously updated to provide the required FMF support. Item procurement levels are contained in the following table.

ITEMS	FY85 ($000)	FY85 AO ATTAINMENT (Percent)	FY86 ($000)	FY86 AO ATTAINMENT (Percent)
Mechanical TMDE	891	*	700	*
Electronic TMDE	1,022	*	950	*

*Attainment levels vary by type of principal end item supported

Mechanical TMDE is special purpose test equipment procured to support specific principal end items. Funds identified for fiscal year 1985 will provide for the complete attainment of test equipment to support the Logistics Vehicle System (LVS) and the High Mobility Multi-Wheeled Vehicle (HMMWV). In addition, all Valve Body Test Stands to support the Light Armored Vehicle (LAV) will be procured in fiscal year 1985.

Fiscal year 1986 funds will provide 42 percent of the initial issue of support test equipment for the D-7G model Caterpillar Bulldozer and four other Caterpillar engines. The phasing of this purchase coincides with the expected repair requirements for these bulldozers and engines.

Electronic TMDE represents various minor general purpose electronic test equipment items procured to support a variety of principal end items. In fiscal year 1985, these funds will purchase minor electronic tool kits and assorted electronic test devices. In fiscal year 1986, the entire general purpose hand-held digital multimeter requirement will be procured.

Tool Sets, Kits and Chests

Funding for Tool Sets, Kits, and Chests supports a variety of procurements for completion of subject assembled items. The requested

fiscal year 1986 program will fund 20 percent of the reconfigured Common #1 Tool Kit. The following table provides funding levels for these items.

ITEMS	FY85 ($000)	FY85 AO ATTAINMENT (Percent)	FY86 ($000)	FY86 AO ATTAINMENT (Percent)
Tool Sets, Kits, Chests	210		50	

The relatively limited list of new equipment contained in the preceding paragraphs represents a very modest, but critically needed, modernization program. Reduced funding for any of these items would not only delay procurement but would also cause the Marine Corps to continue in a degraded capability position, especially for the camouflage screening systems and NBC clothing/equipment. Similarly, a reduction in funding would adversely affect the operation and maintenance of new equipment programmed, as noted below.

Operation and Maintenance of New Equipment

Coincidental with the introduction of new equipment to the operating forces is the operation and maintenance "tail" of incremental costs associated with the equipment and related component items. This year's budget includes $21.6 million to support the initial introduction of approximately 25 new principal end items to the operating forces. These funds also support another 25 items entering the forces at expanded quantities over previous years. Items for which significant support costs are requested include: Light Armored Vehicle (LAV), $4.5 million; AN/PSC-2 Digital Communications Terminal (DCT), $3.0 million; AN/TPS-59 Radar, $2.5 million; Modular Universal Laser Equipment (MULE), $1.6 million; and Marine Corps Automated Test Equipment System (MCATES), $1.0 million. In addition, considerable funds are required for support of the continued introduction of the High Mobility Multi-Wheeled Vehicle (HMMWV), M90 Radar, AN/TSQ-90V PIP2 Tactical Electronic Reconnaisance Processing and Evaluation System (TERPES), TPB-1D Bomb Directing Set, and the Team Portable Direction Finder (TPDF).

Modifications Installation

The installation of equipment modifications/alterations directly impacts upon the modernization of force equipment by increasing the range, reliability, and/or lethality of missiles and weapons systems; improving the capabilities of communications, command, and control systems; and enhancing the mobility and capabilities of our engineering and support equipment.

In fiscal year 1986, $27.0 million will fund modification installation on such weapons and equipment as the: 5 Ton Truck retrofit, $15.5 million; LVT7A1 (the Marine Corps' tracked amphibious assault vehicle), $.3 million; M60A1 Tank, $1.1 million; Improved HAWK anti-air missile system, $1.0 million; and TOW anti-tank missile system, $3.3 million. Funds of $5.7 million will modify a variety of command, communication, and control systems such as the AN/TPD-1D, Radar Bomb Director Set; AN/UYQ-4, Direct Air Support Central (DASC); and the AN/MSC-63, Special Security Communication Center.

FORCE STRUCTURE

The fourth pillar upon which military capability is built is force structure. The determination of the proper military structure is a part of the continuous, comprehensive requirements determination process which considers the threat, national strategy, and Defense Guidance. An adequate force structure requires the presence of the necessary mix of combat and supporting personnel. It is not only a matter of personnel availability, but also the provisioning of the supporting weapons, transport, and supplies that constitutes a force in being.

The Marine Corps has also been revising its force structure composition in order to meet the changing threat. In many instances, force structure increases have been compensated for by internal adjustments. For example, since 1980, the personnel strength for Marine Corps infantry battalions was reduced from 913 to 824 per battalion while the battalion's fire power was increased by 25 percent.

In order to provide essential combat service support to the combat forces, we are continuing to enhance the ability of the Force Service Support Groups to support and maintain amphibious operations at all levels of Marine Air-Ground Task Force (MAGTF) configuration. In the past few years, we have activated and manned 15 previously cadred Force Service Support Group companies in order to achieve combat service support readiness comparable to that of the combat forces. Increases to the combat service support structure are being made in order to correct current deficiencies. A force cannot be considered combat ready if its logistics capability is deficient and unable to support the combat forces when needed.

Activation of New Units

In support of additional force structure, the operation and maintenance appropriation provides the funds necessary to outfit the new units with individual combat equipment (helmets, upper torso body armor, etc.); chemical warfare equipment (gas masks, special protective clothing, etc.); individual gear (jackets, blankets, etc.); administrative equipment (typewriters, desks, etc.); and maintenance equipment (tool sets, etc.).

Included in this year's request is $3 million to support the activation of the 3d Light Armored Vehicle (LAV) battalion, an additional battalion of the new M198 Towed 155MM Howitzers, and two batteries of M109 Self-propelled 155MM Howitzers. These units will increase both the firepower and mobility of our forces based on the West Coast and in the Western Pacific, extending to them such improvements already available to the forces assigned to the Atlantic region.

ECONOMIES AND EFFICIENCIES

I would now like to discuss some of the actions that we have taken and continue to take to make best use of funds you have given to us. These actions include the following programs:

Commercial Activities/Efficiency Review; and Defense Regional Interservice Support.

Commercial Activities/Efficiency Review

The Commercial Activities (CA) Program is the cornerstone of the Marine Corps' economies and efficiencies effort. Together with the recently implemented Efficiency Review (ER) Program, the CA Program will enable the Marine Corps to realize significant savings and cost avoidance through the development of more efficient organizations or contracts that result in lower costs. Equally important to the Marine Corps is the fact that some of the reviews relating to billets occupied by military personnel result in the personnel being able to return to the operating forces or fill other critical shortages as the existing billets are either contracted out or converted to civil service. While the Marine Corps, like other services, has had difficulty in achieving the desired rate of progress in the CA program, the major problems have been worked out and the program is gathering momentum.

The ER Program is intended to cover those functional areas which are not subject to the CA Program, either because they are inherently governmental in nature or have been exempted from consideration, such as core logistics functions. The ER process is essentially that of the CA Program except that it ends with the development and implementation of the in-house most efficient organization (MEO).

Defense Regional Interservice Support (DRIS)

The DRIS Program provides a mechanism for improving the performance of support functions within specified geographic regions. Through the use of Interservice Support Agreements (ISSA) and a consolidation of contracting efforts, the government can avoid costs that are inherent in the duplication of effort among activities.

The Marine Corps currently has 616 ISSAs in effect. In 210 agreements, the Marine Corps is providing support to DoD and other

government agencies valued at $18 million. In the remaining 406 agreements, the Marine Corps is the recipient of $29 million in support. As an example, MCLB, Barstow provides laundry service support to the following: Edwards AFB; AF Hospital, Edwards AFB; Army National Training Center, Fort Irwin; Navy Regional Medical and Dental Center, Camp Pendleton; MCAS El Toro; and 831st Air Division, George AFB. Barstow receives support from Fort Irwin in the nature of postal service, fire and police protection, and several other administrative areas.

Recognizing the potential for savings from this program, the Marine Corps will continue its effort to identify functions that could be consolidated with other activities and procedures that could be initiated to avoid unnecessary duplication of effort.

FUNDING OVERVIEW

I will turn now to a discussion of the details of the FY 1986 O&MMC request.

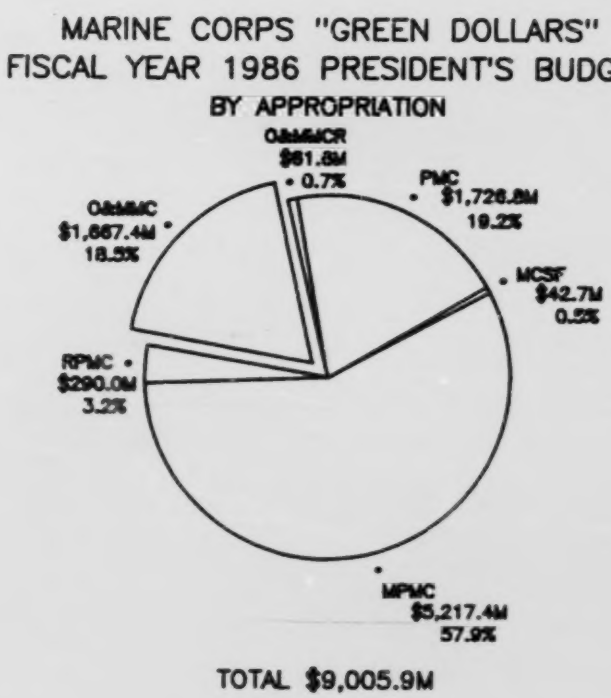


CHART 1

As Chart 1 indicates, the O&MMC request is $1.667 billion, which represents 18.5 percent of the Marine Corps' FY 1986 "green dollar" appropriation request.

These funds maintain the combat readiness and rapid deployment capability of two Fleet Marine Forces, composed of three Marine Amphibious Forces task organized from three Marine Divisions, three Marine Aircraft Wings and three Force Service Support Groups. O&MMC funds also support Marine detachments afloat and security forces assigned to Naval Stations and other Government activities ashore. O&MMC-funded shore facilities supporting the Fleet Marine Forces (FMF) and other training functions include four major ground unit support bases, ten air installations, two recruit depots, two logistics bases, two landing force training commands, and a development and education command.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BUDGET ACTIVITY SUMMARY

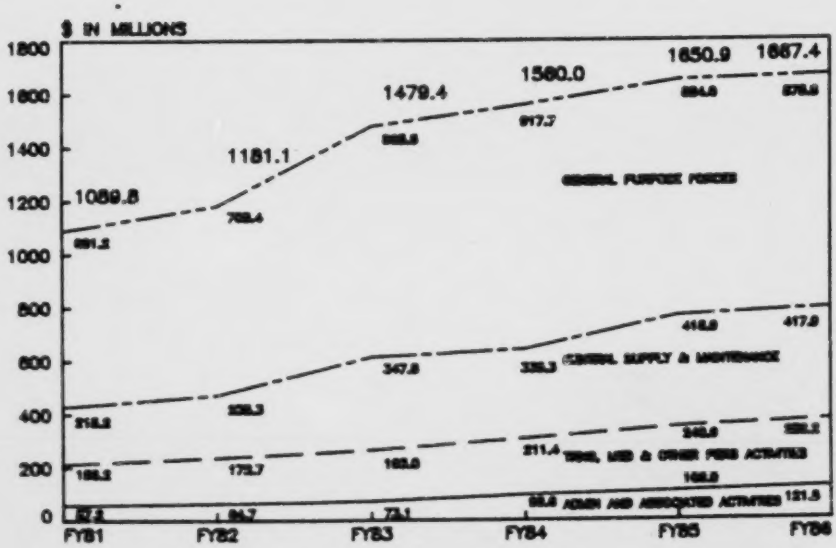


CHART 2

Chart 2 displays the trend in O&MMC funding since FY 1981. During this period, the appropriation has received steady and, at times, dramatic funding increases. Of special note is the almost $300 million increase for fiscal year 1983, which provided substantially increased funding in the following areas: Fleet Marine

Force Support: (+$72 million), for the purchase of initial issue items (+$16.6 million) and the operation and maintenance of newly fielded equipment (+$13 million); Logistics Support, (+$37 million), primarily for the bulk fuel system and major end item upgrades; Prepositioning Programs (+$32 million), for providing the initial funding for the Maritime Prepositioning Ships program; and Depot Maintenance (+$47 million), to perform necessary depot-level maintenance to eliminate backlogs on principal and secondary items as well as to install equipment modifications.

Moreover, $36 million in additional funding was provided for real property maintenance in order to begin containment of facility Backlog of Maintenance and Repair (BMAR) as well as to meet the increasing costs of utilities.

As indicated in Chart 2, the growth in funding was sustained in fiscal years 1984 and 1985. In fiscal year 1985, of the total growth of $90.9 million, $27.2 million was the additional funds provided by Congress to satisfy Maritime Prepositioning Ships program requirements.

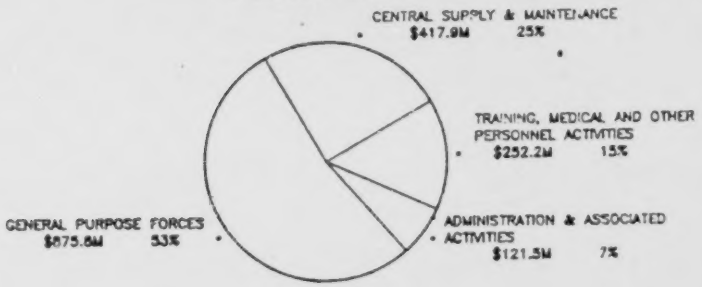
However, this positive funding trend is reversed in fiscal year 1986.

DISTRIBUTION BY BUDGET ACTIVITY

The third chart depicts the distribution of this year's request among the four Budget Activities which comprise the operation and maintenance appropriation for the Marine Corps. When compared to the fiscal year 1985 program adjusted for inflation, the Marine Corps fiscal year 1986 request experiences a negative real growth of 1.3 percent.

Through the years, at this macro-level view, the appropriation has experienced relative stability among the Budget Activities as total funding levels have increased. However, in the past two years, significant increases have occurred in Administration and Associated Activities, which will be discussed in detail later.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BY BUDGET ACTIVITY



TOTAL $1,667.4M

BUDGET ACTIVITY	FY1985	FY1986	FY85-86 %GROWTH	FY85-86 %REAL GROWTH
GENERAL PURPOSE FORCES	884.0	875.8	-1.0	-5.0
CENTRAL SUPPLY & MAINTENANCE	418.9	417.9	+0.2	-4.0
TRAINING, MED & OTHER PERS ACTIVITIES	240.9	252.2	+4.7	+0.4
ADMINISTRATION & ASSOCIATED ACTIVITIES	109.1	121.5	+11.4	+6.8
TOTAL	1650.9	1667.4	+1.0	-1.3

CHART 3

This chart indicates that direct support to the Fleet Marine Forces (FMF) receives the majority, 53 percent, of requested funds. In addition, the support represented by such Central Supply & Maintenance areas as depot maintenance, logistics support to FMF, and the provisioning of supplies, equipment, and contract maintenance for the Maritime Prepositioning Ships program, also supports the operating forces. Additionally, the majority of funds expended in the Training, Medical, and Other General Personnel Activities Budget Activity supports the FMF indirectly.

From this chart it should be noted that the fiscal year 1985 total of $1,650.9 million reflects a supplemental of $10.6 million above the appropriated $1,640.3 million. This supplemental is being requested to fund the fiscal year 1985 civilian pay raise of 3.5 percent.

The fiscal year 1986 $16.5 million increase consists of a net $10.3 million increase for OSD approved inflation increases and annualization of the fiscal year 1985 civilian pay raise. Also included are offsets for the fiscal year 1986 five percent civilian personnel pay reduction of $13.7 million and reduced industrial fund rates to be charged customers based primarily upon anticipated improvements in economic conditions. In addition, fiscal year 1985 prices charged the operation and maintenance

appropriation by the Marine Corps Stock Fund will be reduced in fiscal year 1986 by 53.8 percent. Total program increases of $114.0 million are offset by program decreases and one-time fiscal year 1985 costs of $107.0 million resulting in a net program increase of $6.3 million.

The fiscal year 1986 request includes the migration of $15.3 million from the Procurement, Marine Corps appropriation because of revised expense/investment criteria. Considering this migration, the operation and maintenance appropriation experienced a real program decrease of $37.5 million, or minus 2.2 percent real growth.

It should be noted that two budget activities experience significant declines in real terms: Forces (-5.0 percent) and Central Supply and Maintenance (-4.0 percent).

Expense/Investment Criteria

The largest single increase in this year's request over fiscal year 1985 is the $15.3 million for the proposed migration of selected items from PMC to O&MMC. This funding responsibility migration stems from proposed changes in expense/investment criteria issued late last year by the Office of the Secretary of Defense. Under the new criteria, all items that are not subject to centralized item management and accountability are to be funded by the operation and maintenance appropriation, regardless of unit value. That is, the $3,000 unit cost criterion no longer is to be used to determine the break between funding by O&MMC and the procurement appropriation. Instead, the criterion of centralized item management was expanded to include program management as well as inventory control considerations.

In deciding upon which specific items to migrate to the operation and maintenance appropriation, the Marine Corps reviewed all applicable commodity areas. In the course of this review, those items which by their nature still require centralized item management control remained with the procurement appropriation.

Accordingly, the Marine Corps has transferred funding responsibility from PMC to O&MMC for the following items of equipment:

Command Support Equipment, such as laundry, dry-cleaning, buildings and ground maintenance, and utilities equipment as well as office equipment for office automation, reproduction, and microform ($4.8 million).

Automated Materials Handling Equipment, such as automatic retrieval, preservation and packaging, and rack and bulk storage equipment ($4.3 million).

Automated Data Processing (ADP) Equipment, to include replacement for obsolete peripheral equipment such as terminals, printers, punch card machines, micro-fiche readers, magnetic tape drives, systems software, and continued buyout of leased ADP equipment ($6.2 million).

Budget Activity Distribution of Transfer-PMC-to-O&MMC

B. A. #	Title	Dollars in Millions
2	General Purpose Forces	4.1
7	Central Supply and Maintenance	4.0
8	Training, Medical & Other	1.1
9	Administration & Associated Activities	6.1
	TOTAL	15.3

DISTRIBTUION BY DECISION UNIT

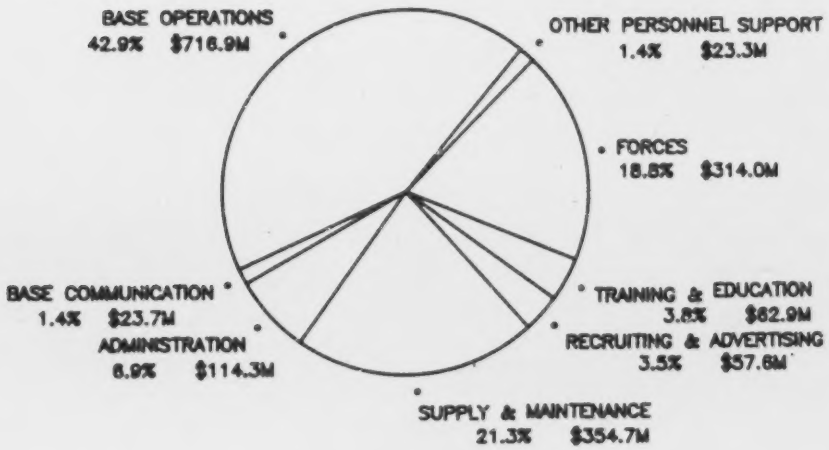
Depicting the appropriation by Decision Unit, Chart 4 presents a clearer picture of how the funds will be spent.

The remainder of this presentation will focus on the application of funds at this level of detail.

At this level, it is apparent that the largest single user of funds is Base Operations, almost 43 percent of the total appropriation. The 18.8 percent for Forces represents only those funds provided directly to the FMF; as indicated earlier, the bulk of O&MMC funding directly or indirectly supports the FMF.

Chart 5 depicts the fiscal year 1986 request by Decision Unit compared to the fiscal years 1984 and 1985. While the details associated with each of these will be subsequently presented, overall trends may be noted.

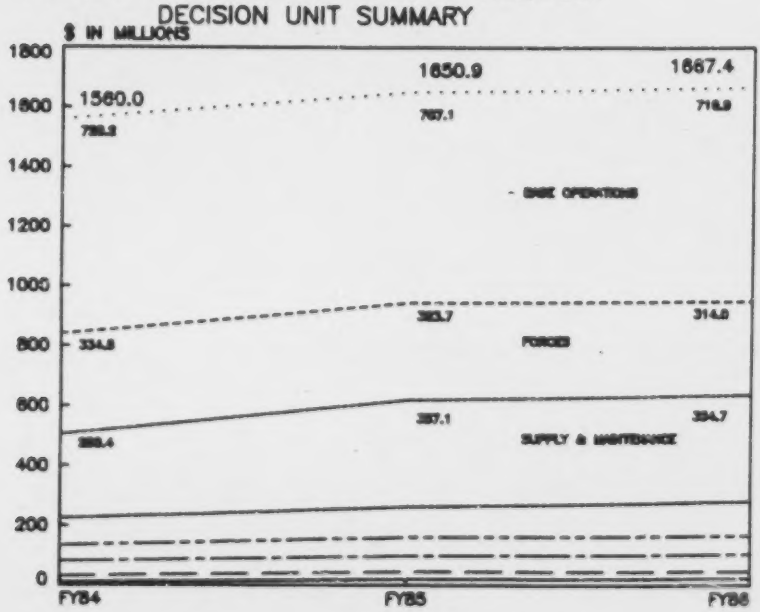
OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BY DECISION UNIT



TOTAL $1,667.4M

CHART 4

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
DECISION UNIT SUMMARY



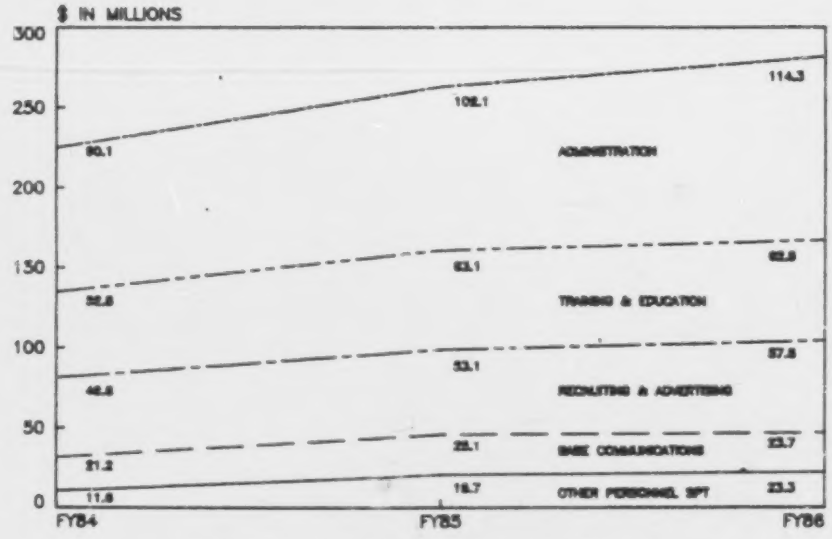
DECISION UNITS TOTALING LESS THAN $300M ARE DETAILED ON NEXT CHART

CHART 5

First, Base Operations declines significantly, in real terms, from fiscal year 1984. Forces funding has generally declined since 1984. The revised fiscal year 1985 Forces funding profile reflects the program reductions of last year as well as a requested reprogramming action to accommodate increased transportation costs. The fiscal year 1986 lower funding level is primarily related to reduced stock fund prices for 1986 and the effects of declining inflation. The large increases for Supply and Maintenance are primarily caused by three areas: Prepositioning Programs; Depot Maintenance; and Transportation of Things.

Chart 6 depicts the five remaining Decision Units, whose combined total is less than $300 million.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
DECISION UNIT SUMMARY



DECISION UNITS TOTALING LESS THAN $300M ARE DETAILED HEREIN

CHART 6

The most significant development reflected on Chart 6 is the 11.5 percent increase in fiscal year 1986 over fiscal year 1985 for Administration. This area will be discussed in detail later, but it should be noted that $6.1 million, or one half of the increase, results from the expense/investment migration discussed

earlier. It should also be noted that two of the four remaining Decision Units displayed on Chart 6 actually experience funding decreases in fiscal year 1986.

Base Operations

The fiscal year 1986 request of $716.9 million for Base Operations is 42.9 percent of the total appropriation.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BASE OPERATIONS

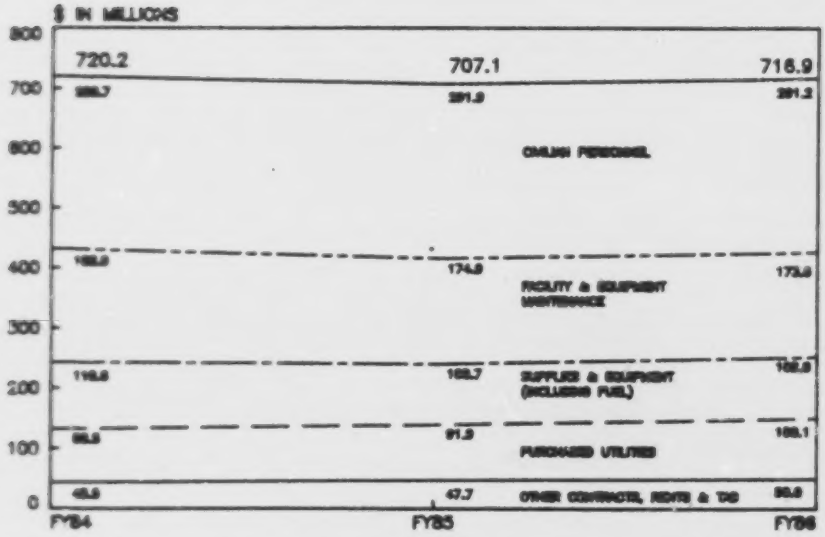


CHART 7

Of the net $9.8 million increase over 1985, $7.1 million is associated with price growth and only $2.7 million is net program growth. The substantial decline, in real terms, from fiscal year 1984 to fiscal year 1986 is due primarily to reduced funding for Maintenance of Real Property (MRP).

Civilian Personnel. As indicated earlier, costs for Base Operations tend to be relatively fixed in the short-term since 40.6 percent of the costs are associated with civilian personnel. Major changes affecting civilian personnel costs in 1986 are $1.7 million for an additional 127 personnel, -$.4 million planned for the two percent reduction in high grade civilian personnel, and -$.4 million and minus 32 end-strengths as a result of the Efficiency Review Program. In addition, annualization of the

fiscal year 1985 pay raise requires $3.6 million, while $3.9 million is required for the fiscal year 1986 effect of Foreign National Indirect Hire pay raises. Offsetting these increases is -$8.9 million for the fiscal year 1986 five percent civilian personnel pay reduction.

The additional 127 civilians are required to support the following functions:

Airfield Operations (32). Electronic mechanics for new/additional CH-46, AH/UH-1, AV-8B, and A-6E aircraft simulators; maintenance support for RATCC Radar Approach Control; Bombing range maintenance personnel; and air traffic controllers.

Aviation Supply Warehousing Operations (30). Increased supply support to the Naval Air Rework Facility at Cherry Point, North Carolina caused by the assignment of maintenance responsibility for F-4 aircraft and the transition period associated with AV-8B aircraft. In addition, new field activity management of Navy Stock Fund items increases supply support workload.

Fire Fighters(23). To provide a ladder company to protect new high-rise construction on Okinawa and an engine company at the remote Mountain Warfare Training Center.

Local Television Signal Distribution System (LTDS) (5). Support for expanded use of LTDS within the Marine Corps in support of televised training and command information programs.

Navy Civilian Personnel Data System (NCDPS) (7). Personnel to support introduction of the NCPDS in the Marine Corps.

Central Design and Programming Activity (6). Additional support for Data Base Management System (DBMS) to assist in development and implementation of the Marine Corps Standard Supply System/Standard Accounting, Budgeting, and Reporting System (M3S/SABRS).

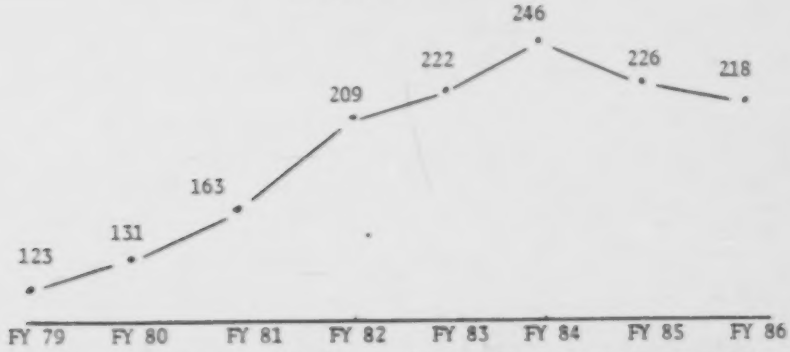
Other Base Operations (24). Additional civilian personnel are required for additional workload due to the Prompt Payment Act, operation and maintenance of Weapon Impact Scoring System, Family Service Center on Okinawa to correspond with increased accompanied tours, and training simulator maintenance at Marine Corps Engineer School.

Facility/Equipment Maintenance. Funding of $173.6 million is requested for contractual repair, maintenance, and minor construction of buildings and grounds, including storage areas, railroad trackage, and roadways, as well as installed equipment. These funds are approximately 25 percent of base operating support.

This year an increase of $1.3 million is required to maintain the additional facilities provided by the military construction and Japanese Facilities Improvement Program (JFIP) funds. Requested funding for minor construction of $23.6 million includes an increase of $2.3 million for upgrading of classrooms at Officer Candidates School, Quantico and the Recruiter School, San Diego; expansion of the Child Care Center at San Diego, and improvements to dining facilities at various activities.

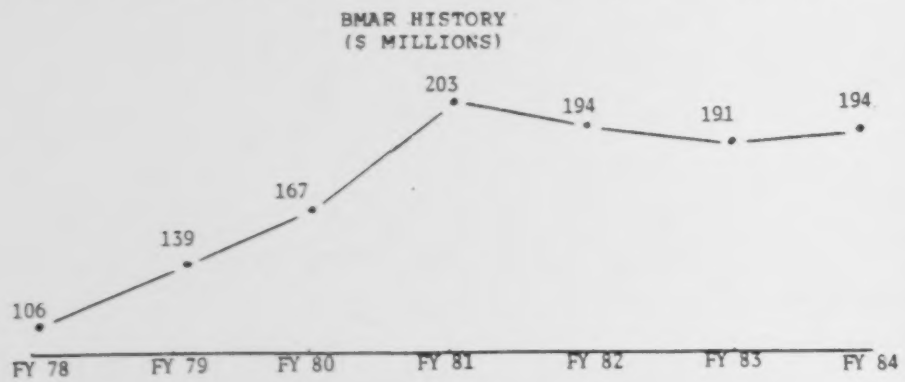
Backlog of Maintenance and Repair. The chart below shows maintenance and repair funding since fiscal year 1979.

MAINTENANCE AND REPAIR FUNDING
($ MILLIONS)



In spite of maintenance and repair funding levels, the Marine Corps has not achieved the desired Backlog of Maintenance and

Repair (BMAR) levels. The chart below depicts growth and subsequent relative stabilization of BMAR since fiscal year 1978.



The data on this chart, however, does not represent the actual conditions of our bases.

We have been able to keep pace with our "new" maintenance and repair work that must be done each year and, on top of that, we have made a substantial dent in our "real world" BMAR.

While BMAR is one indicator of the condition of our bases, its measurement is obviously inexact and must be considered with other indicators. Perhaps the best indicator of the condition of our bases is personal observation. I have seen great improvements myself; I think this personal observation supports this conclusion.

It is clear that the current method of displaying BMAR does not accurately portray the progress made in reducing BMAR nor correctly predict the relationship between BMAR and the funds expended for maintenance and repair.

The Marine Corps is pursuing the development of a new methodology which will better predict the relationship of funding to the reduction of actual BMAR. In the interim, it is obvious, however, that the reduction in maintenance and repair funding in fiscal year 1985 and fiscal year 1986 will not produce the desired downward BMAR trend.

Supplies and Equipment. The funding requirement of $102.0 million, a net $1.3 million increase from 1985, includes negative price growth of $4.6 million primarily because of reduced stock

fund prices. The major program change was $8.7 million of the $15.3 million migration from the procurement appropriation because of revisions to the expense/investment criteria.

Under the Personnel Support Equipment (PSE) program, modernization and upgrade of barracks, bachelor officer quarters, mess decks and administration spaces continue. The fiscal year 1985 funding level reflected a 5 percent increase from fiscal year 1984, but the fiscal year 1986 program reflects a decrease of $2.7 million (14 percent).

In fiscal year 1985, the Food Preparation and Serving Equipment program was decreased 6 percent from the fiscal year 1984 level. The fiscal year 1986 level reflects a further 19 percent decrease ($-1.0 million). The recent level of funding for these items has satisfied the recurring requirements; however, as dining facility modernization projects are approved, Food Preparation and Serving equipment requirements will increase.

In addition to the above items, Base Operations funds for the majority of collateral equipment needed to outfit both military construction and Japanese Facilities Improvement Program (JFIP) funded programs. Funds budgeted through fiscal year 1986 have satisfied the respective requirements. With the increased military construction and JFIP facilities scheduled for completion in fiscal year 1987 and subsequent years, corresponding additional funds will be required for the collateral equipment.

In addition, $.6 million is requested to support purchase of improved fire fighting equipment.

Purchased Utilities. As a result of increased utility rates, an additional $3.9 million is requested. This increase is partially offset by $1.8 million in savings generated by energy conservation efforts. In addition, $6.1 million is required for utilities at new facilities being occupied in fiscal year 1986.

Other Contracts and Miscellaneous. The $2.3 million increase in this area is primarily comprised of $1.9 million in price growth offset by one-time costs in fiscal year 1985 of $.7 million for structural and earthquake safety studies. Moreover, $.3

million was also saved by discontinuation of contracted shuttle bus service. An increase of $2.1 million is requested to support the Commercial Activities Program, which had been reduced in fiscal year 1985.

Except as noted concerning the reduced funding for the maintenance of real property, these requested funds represent the minimum funding necessary to properly operate and maintain Marine Corps installations.

Forces

As Chart 8 indicates, a total of $314.0 million is requested to provide direct support to the operating forces in fiscal year 1986, a decrease of $9.6 million from fiscal year 1985. Net program increases of $11.6 million are offset by negative price growth of $21.2 million, reflecting the large price reductions associated with purchases of Marine Corps Stock Fund materiel.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
FORCES

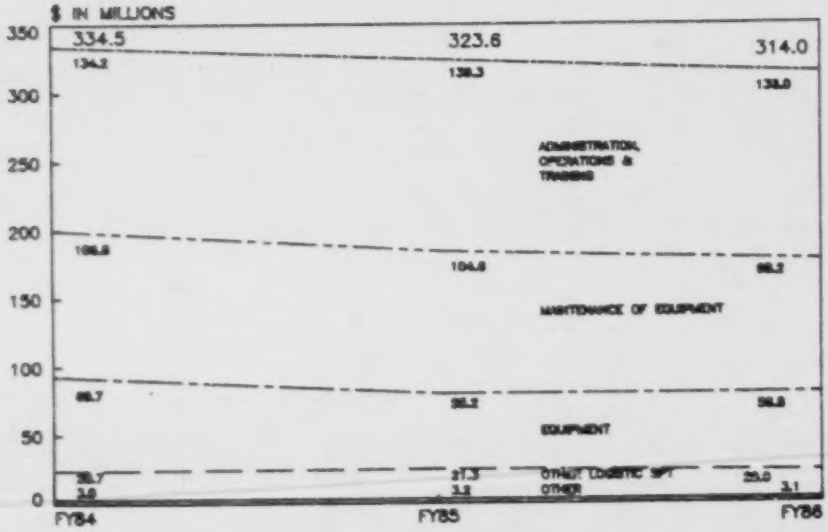


CHART 8

Administration, Operations and Training. The net decrease of $2.7 million includes reductions for negative price growth of

$8.7 million and $1.4 million for the elimination of funding for Near Term Prepositioned Force (NTPF) exercises, since the Marine Corps portion of NTPF will be relieved during the first quarter of fiscal year 1986 by the second MPS squadron. An addition of $7.0 million is required to provide for the operational exercising of the first two MPS squadrons. In addition, an increase of $.5 million is requested for scheduling changes in the Unit Deployment Program.

Maintenance of Equipment. The net decrease of $6.4 million is caused by price reductions of $6.7 million and a $4.1 million reduction for the maintenance of NTPF assets offset by an additional $1.6 million required for the maintenance of equipment prepositioned aboard the MPS ships and in Norway. In addition, an increase of $2.8 million is required for the operation and maintenance of new equipment being provided the operating forces, including the Modular Universal Laser Equipment (MULE), the Light Armored Vehicle (LAV), the Position Location Reporting System (PLRS) and the High Mobility Multi-Wheeled Vehicle (HMMWV).

Equipment. An additional $1.6 million is requested to provide equipment to the operating forces. Price reductions of $2.4 million and audit savings of $2.2 million are offset by an additional $3.7 million for the initial issue of expense-type equipment and $3.0 million to outfit newly activated units (a third LAV Battalion, an additional 155MM Howitzer Battalion, and two additional 155MM Self-Propelled Howitzer Batteries).

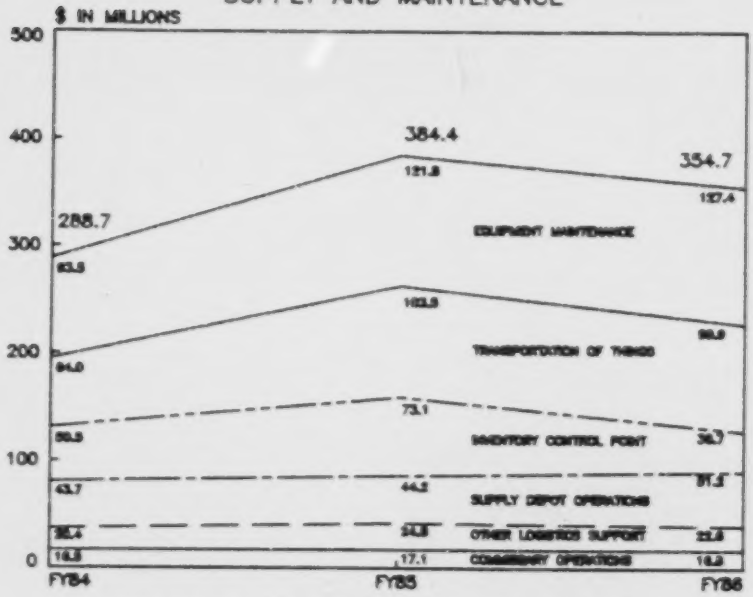
Other. The remaining changes to the Forces program are essentially price reductions of $1.8 million.

Central Supply and Maintenance

Excluding the fiscal year 1985 effects of the $27.4 million reduction for the Stock and Industrial Fund pass-through account, this area reflects a net decrease of $29.7 million, including negative price growth of $6.1 million.

The majority of the program changes is associated with reduced supplies, equipment, and transportation requirements for the Maritime Prepositioning Program in fiscal year 1986.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
SUPPLY AND MAINTENANCE



DOES NOT INCLUDE STOCK AND INDUSTRIAL FUND SUPPORT

CHART 9

Equipment Maintenance. In order to maintain a zero-backlog of depot-level maintenance and modification installations as required by Defense Guidance, an additional $9.6 million is required. These funds will permit modifications primarily to the M60A1 Tank, and the HAWK and TOW missile systems.

Transportation of Things. The net $3.6 million decrease from fiscal year 1985 is comprised of a net negative program growth of $4.1 million offset by price growth of $.5 million. The major reduction of $19.3 million is related to changes associated with the MPS program. The fiscal year 1985 program provided for the transportation and port handling cost for the first two MPS squadrons.

In fiscal year 1986, the primary effort will be the load-out of the third MPS squadron. Because of the return of the NTPF assets subsequent to the relief of NTPF by MPS-2, an additional $10.0 million is required to support the redistribution of the NTPF assets. Additional funding of $5.3 million is required for

transportation of increased ammunition deliveries as well as continuation of the 5-Ton Truck Retrofit Program.

Inventory Control Point. The reduction of $36.4 million for Inventory Control Point operations stems primarily from a reduction of $34.0 million in the purchase of MPS supplies and equipment and $2.1 million as a result of planned completion of software development in inventory management, stratification, and technical data subsystems of M3S.

Program increases include $1.4 million for the full year costs of 75 civilian personnel approved for fiscal year 1985 and $.8 million for an additional 54 civilian billets to support logistics management, the Weapons System/Equipment Management Program, contracting support, and spare parts management.

Supply Depot Operations. Changes in the Supply Depot Operations are primarily caused by an additional $7.8 million required to support full year contract maintenance for the first two MPS squadrons plus the start-up and initial contract maintenance for the third MPS squadron.

Other Logistics Support. The major changes from fiscal year 1984 to 1986 for Other Logistics Support are: -$2.4 million reduction in Contractor Engineering Technical Services (CETS) due to slippages in fielding dates for some radar and communications equipment, removal of equipment from the inventory, and reduction of man-months on existing equipment; -$1.2 million reduction in the financed backlog of services purchased from Navy's industrially funded activities; increased funds of $.3 million for technical and logistical support of the M60 Mine Plow; and $1.0 million price growth.

Training and Education

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
TRAINING AND EDUCATION

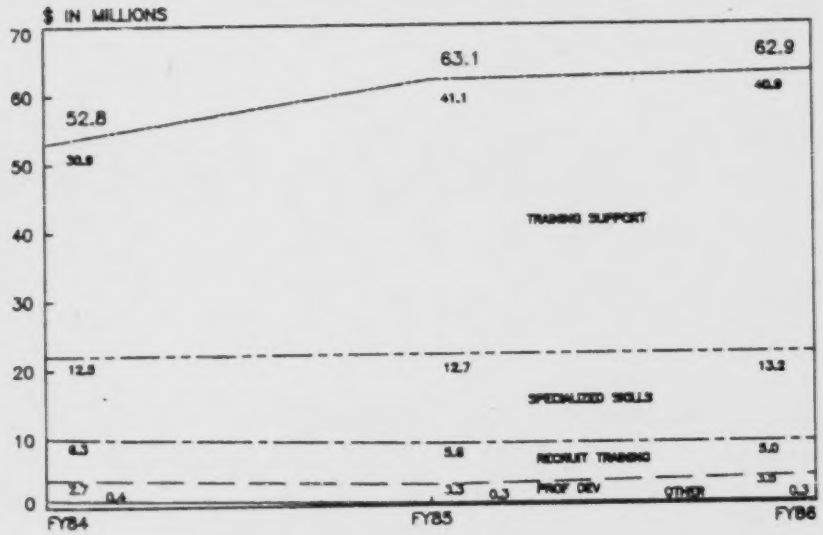


CHART 10

The fiscal year 1986 program represents an essentially level program from fiscal year 1985 with the following basically offsetting major changes: an increase of $1.3 million for annualization of salaries for 88 civilians approved in FY 1985; an additional $.5 million for increases to the Individual Training Standards Program; a reduction of $1.8 million for Factory Training; and a reduction of $1.0 million for supply support to Recruit Training.

Recruiting and Advertising

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
RECRUITING AND ADVERTISING

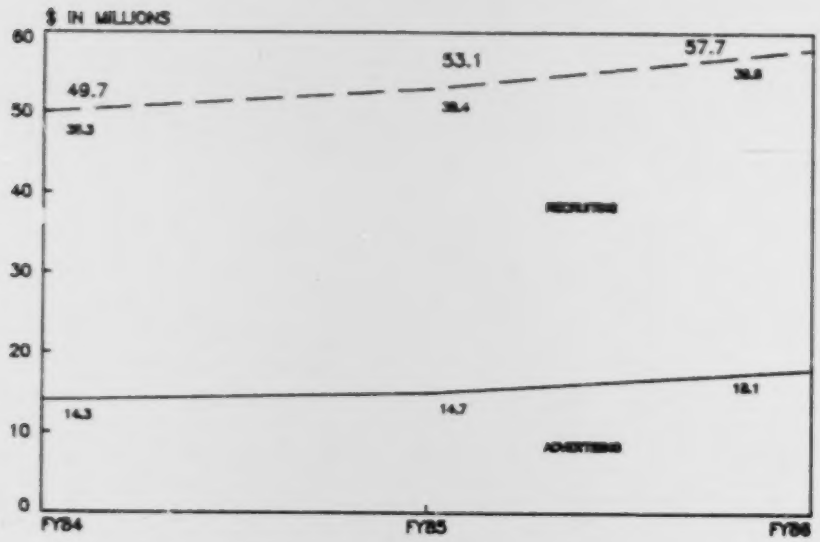


CHART 11

These funds support the efforts of our recruiters to enlist the requisite number of young men and women with the appropriate skills and potential to effectively serve in today's Marine Corps.

The following increases are necessary to sustain our recent recruiting success, given the changing demographic and economic environment: $.3 million to lease an additional 55 vehicles to support recruiters in the decentralization of their efforts from urban to suburban recruiting stations; $2.8 million for increased advertising support to attract higher quality accessions; and $1.6 million for price growth.

Other Personnel Support

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
OTHER PERSONNEL SUPPORT

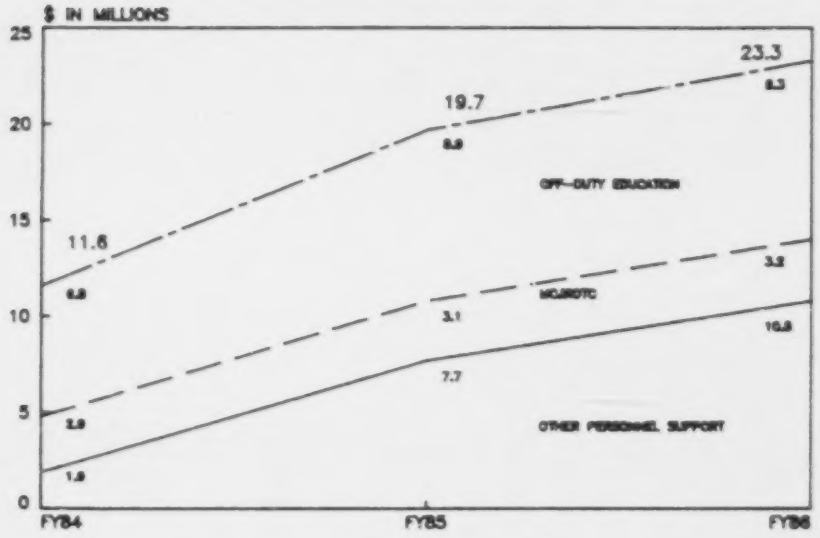


CHART 12

Other Personnel Support funds the Marine Corps Junior ROTC program at 75 secondary schools, a variety of off-duty education programs, operation and maintenance support for Marine prisoners confined at Fort Leavenworth, support of the Marine Band at the Marine Barracks, Washington, DC, and reimbursement to the Veterans Administration for the Marine Corps' share of the Veterans Educational Assistance Program (VEAP). Except for a $3.0 million increase for VEAP, all increments to this Decision Unit in fiscal year 1986 are related to cost growth.

Administration and Associated Activities

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
ADMINISTRATION

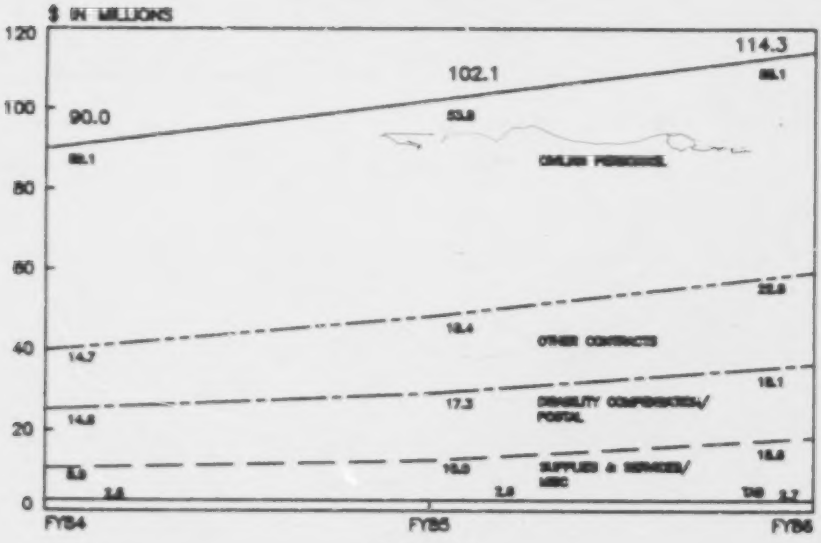


CHART 13

These funds represent the relatively fixed costs associated with the operations of Headquarters, Marine Corps (HQMC), the Marine Corps Personnel and Support Activity (MCPASA), the Marine Corps Central Design and Programming Activity (MCCDPA), and the Marine Corps Finance Center (MCFC).

This area is labor intensive, with 48 percent of the funds used for civilian personnel. Distorting this year's funding request is an increase of $6.1 million caused by the migration of funds from the procurement appropriation because of the revised expense/investment criteria.

Because of the continuing concerns over the growth of management headquarters, funding increases for these functions receive especially close screening.

Headquarters, Marine Corps, the Marine Corps Personnel and Support Activity, the Marine Corps Central Design and Programming Activity, and the Marine Corps Finance Center provide centralized policy, direction and support to Marines worldwide. The Marine Corps is aware of the requirement to carefully manage its overhead

costs in the form of management headquarters. Continued attention is focused on decentralization wherever feasible and practical. Nonetheless, costs associated with this area continue to increase as a price of increased computer support, systems development, and associated costs remaining concentrated at the headquarters level, especially in order to satisfy information requirements imposed external to the Marine Corps.

Civilian Personnel. Included in the $1.3 million net increase in fiscal year 1986 for civilian personnel is $2.3 million for the full-year effect of the 181 civilians approved in fiscal year 1985.

In fiscal year 1986, an additional 44 civilians are requested for support of the Prompt Payment Act and increased centralization of Marine Corps disbursing operations at the Finance Center; to assist in force structure management, contractor support, equipment acquisition, supply sytem support, project management, and the Data Information Resource Management Program at Headquarters and at MCPASA.

These funding increases are partially offset by $1.6 million for the 5 percent civilian pay reduction.

Other Contracts. An increase of $4.4 million (including $.8 million for inflation) is required to continue development of SABRS and the Marine Corps Air Ground Task Force (MAGTF) Lift Model.

Disability Compensation. Increase of $.8 million related to price growth.

Supplies and Services. Increase of $5.9 million for equipment purchases resulting from expense/investment criteria revision is partially offset by $.3 million price reductions.

Base Communications.

Price growth of $.7 million is offset by reductions of $2.3 million for one-time fiscal year 1985 major cable replacements and cable plant upgrades. A civilian increase of 10 is to support consolidation of AUTODIN terminals into a Naval Telecommunications

Center to be manned by the Marine Corps Finance Center. An additional 3 civilian telephone operators are requested for Marine Corps Air Ground Combat Center, Twentynine Palms, California, for its new digital telephone system which includes an additional operator station requiring continuous manning.

OPERATION AND MAINTENANCE, MARINE CORPS
FY1986 PRESIDENT'S BUDGET REQUEST
BASE COMMUNICATIONS

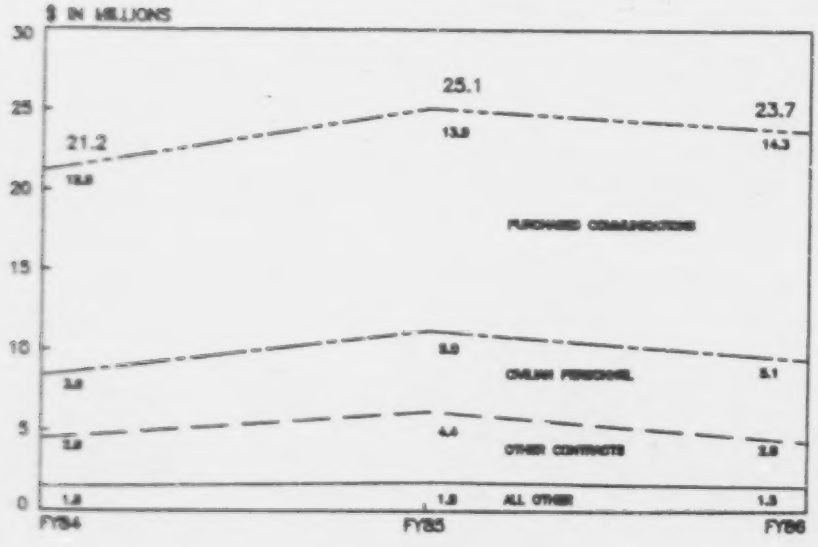


CHART 14

SUMMARY

As I said at the outset, the Operation and Maintenance, Marine Corps budget has but one principal purpose -- the improvement of our combat capability. Approximately 85 percent of this year's request is directed toward readiness, which confirms once again that the O&M appropriation is indeed the "Readiness" appropriation. Almost 10 percent is devoted to improved sustainability, somewhat less to modernization, and about one percent for force structure additions. The $1.7 billion requested will enable us to continue those vital readiness, sustainability, modernization, and force

structure programs that are well underway and from which we are now beginning to reap the benefits in military capability.

We must continue to be concerned with the level of readiness support in maintenance of real property, personnel support equipment, and the operations and training of our forces. Concurrently, we must also ensure that there is a proper dollar relationship between the modernization programs contained in the procurement appropriation and the operation and maintenance demands these programs beget. Finally, we must be mindful of the less obvious but equally important areas of readiness and sustainability which must be continued apace to maintain the military capability we have so assiduously gained.

Throughout the process I can assure you that we will continue to seek every means to effect economies and efficiencies so that the tax payers' dollars, which you have entrusted to us, will be paid back in a stronger, more combat ready Marine Corps.

We share one vital interest - National Defense. Your support will see to it that the United States Marine Corps is and will continue to be the cutting edge.

Mr. DANIEL. Mr. Ray.

Mr. RAY. I don't have any questions. Thank you, Mr. Chairman.

Mr. DANIEL. Mr. Sweeney.

Mr. SWEENEY. John, do you want to go ahead?

Mr. KASICH. Mr. Chairman, as I get into readiness a little bit more, I am just learning worlds of things that are really important. Senator Grassley wrote an article the other day. It says freeze is just what the Pentagon needs. And to be honest with you, I read it and I thought there is no way this can be right.

Have you gentlemen seen the article he wrote? It was in the Washington Post, and it says here—I don't know whether Mr. Daniel saw it, but——

Mr. DANIEL. No, I did not.

Mr. KASICH. It says essentially we ought to have a freeze because if we give them a freeze and they learn to manage things, and then he goes on to make these claims: that in the case of Navy ship construction major surface combatants decreased 17 percent from the Carter years despite a 47-percent increase in funds and constant dollars. He goes on to say that despite a 25-percent increase in O&M appropriations training tempos are not significantly different from those of the previous 4 years. Navy steaming days per ship has risen only slightly, from 32.4 to 34.9.

I asked my staff to do a breakdown of his charges, but essentially what Senator Grassley is saying is, even though we are spending all this money on O&M, we are less ready today than we were several years ago. Would you say, General, that is essentially the thrust of what he says in here?

I saw the thing, and I said, you know, I see this 50 percent real increase in O&M. I would like you to respond to this because I, frankly, think that it is a distortion of what has happened over the last 4 years. I would like you to respond to that.

But second, the question that the chairman raised about the migration of items from procurement into O&M greatly concerns me for the simple reason—and it should I think concern all of you. Because if this migration continues, then, you see, when we are looking at trying to define what the real increase in readiness is and you take a look, that we have about $6 billion more of items that had been in procurement that are listed under readiness now, you are showing an inflated view of readiness. And maybe some of these arguments are right; maybe we haven't done as much for readiness as what we say, you know. But every witness before this subcommittee in this term has said, "Hey, we're doing great on readiness."

Now, are you, first of all, concerned about this migration? And I know you are going to say you can manage things better, but the simple fact of the matter is we are going to be buying things that we were buying in procurement under the readiness account which to some degree is going to mean we are going to be less ready than we would be if those items weren't in there. And the procurement people don't mind it because then you are buying out of two funds, which means they can look better out of their fund, but really they are living out of two funds. And secondly, this business of Senator Grassley and our readiness.

I wondered if you would speak to both of those. Because, Mr. Chairman, this is an area that I think we really have to focus on.

READINESS

Admiral HUGHES. If I may, let me assure you as thoroughly as I can that the readiness of the U.S. Navy is far superior today than it was 5 years ago. I can tell you that by the heartbeat of the force that you have out there: by the way it looks; by the way it operates; the way I look at their casualties every single day of life, how many they have. I have sent two messages in the last 2 months for the CNO on whole forces that have been out there without any C-3 and C-4 degradations during a period of long deployment of the Mideast Force or the Indian Ocean. That is the first point.

The second point, and we can give you all the statistics you want to show how the C ratings have been improved over this period of time. A point you have to be very conscious of, is that readiness depends on a lot of things. Spare parts are so much a part of readiness you just can't imagine. And to tell me that that is a procurement account item and not a readiness item, I don't know what you are saying.

There are certain barriers within the appropriations that are to me falsely set up for some administrative purpose in either the Navy or the Defense Department or the Congress that says, "Uh, that's on that side, that's on that side, that's readiness, that's not readiness." You cannot have a ready ship without spare parts. Things that we have migrated into the O&MN account are, principally, spare parts, and that migration provides a greater facility for accommodating the availability of them.

Let me just read you some things on DLR's, which is depot level reparables, that were in the procurement account. And I could give you a long story on some ridiculous situations where you depended upon three and four different appropriations having to be available to get a single part back to get it repaired. We put aviation DLR's into the stock fund starting next month, and in the nonaviation back in 1981. Since 1981, the supply materiel availability to a ship when that spare part was available when he reached into the bin was 55 percent. At the end of 1983, after 2 years of that exercise, that had climbed 76 percent. That is a 38-percent improvement in availability of spare parts when the ship needed it.

Now, what appropriation it was in? I don't care. It was there when the ship needed it, and it was made more facile for him to get to it from this account. So I don't think you should degrade the contribution that the movement of some procurements into the operating account has had because the number has gone up in O&MN. The readiness of the U.S. Navy has gone up because of it.

Mr. KASICH. I didn't mean to pick a fight with you. I just want to tell you that what I am concerned about here, and I am glad you feel that strongly. I wish you had felt that strongly about Senator Grassley's comments.

Admiral HUGHES. Well, let me just tell you——

Mr. KASICH. Let me interrupt just for a second. I tell you I don't think anybody is disagreeing with that. But heretofore, and remember the question was asked when you first sat down there why

is it that Navy isn't making the progress on BMAR or depot maintenance? You are not making the inroads that the other services are making; that is clear.

Admiral HUGHES. We don't live on the beach. You know that is the problem.

Mr. KASICH. What I am saying to you, sir, is not that you shouldn't have that. You need that spare part, you got to have it; there is no question about that. But what I am concerned about and I wondered if you would be concerned about is if we were spending *x* amount of dollars out of procurement, and you shift part of that procurement into readiness, you got a problem with readiness as it is and then you shift other items in there and spend more money there, you are not solving your basic problem. You are boosting the amount of money you are spending, but what you are not figuring in there is the increased number of items that you place as a part of that category.

Mr. DANIEL. Would the gentleman yield?

Mr. KASICH. Yes, sir.

Mr. DANIEL. Before you respond, Admiral, also respond to this. If that money migrates from account A to account B, then does the account in A come down a proportionate share?

Admiral HUGHES. Absolutely. Mr. Chairman, one of the evolutions that you do not see in Congress is what we call a POM, program objectives memorandum. We have an absolute dollar value from year to year from the Secretary of Defense that says here is your total. We can change the color of money in that operation, and we can say, "I'm going to put more in O&MN, I'm going to put more in the procurement account," or whatever, and we can shift some of the items from one to the other, but we can't go over that total dollar amount that he gives us. And when we have that, what you don't see here, unfortunately, is that the bottom line has not changed. What you do see is that an appropriation went up.

Mr. KASICH. That is exactly my point. The bottom line does not change, and the bottom line is those items and those functions that were considered at readiness before the migration. Those things aren't being solved to the degree that we would like them to be solved. What people are doing is they are looking—what Senator Grassley does is he looks at the O&M category, and he says, "My God, you've got a giant increase in O&M for readiness, to solve your basic readiness problem." But what he doesn't point out is you are now buying or paying for a number of functions that weren't in there before. So your number that is designed to solve your readiness problem is inflated, and the basic problem that you had, when you were trying to determine what you were going to do to solve this readiness problem, isn't being solved.

What you are essentially doing is just pumping up your readiness account with items that heretofore had been considered as part of procurement, and that is why your BMAR and your depot maintenance hasn't been seriously—we haven't made great progress on that, even though reflected in your budget you are spending more on readiness. Do you understand what I am saying?

Admiral HUGHES. Yes, but I am trying to separate a couple of points. I would like to give you an example, and I think that this might help. I had a group of ships, about 44 ships, service ships

that operated in support of the Mediterranean and Atlantic. I had something like five ships down at one time for the same problem because of what they call an SRA-22; it was a tuner for a radio. And when we went to the supply source to find out if there were any in the bin, there were none in the bins. But I went to a warehouse over at the yard in Norfolk and found 17 SRA-22's there.

Now, this was a DLR. This was a depot level reparable item that could be fixed. You had to have money in the transportation account to get it there. You had to have money in the repair account, which was a completely different account from the procurement account, to get it fixed. Then you had to have money, again, in the redistribution, another system, another set of dollars to get it back into the system. If any one of those fell down, you didn't get the thing fixed and it didn't get out there.

We said this is ridiculous, we ought to put them all in one account. And that is what we have done. The dollars have not changed, but the coherence of those dollars to get to the end product of a depot level reparable being available to the fleet is now there, and it wasn't there before. So you are seeing that migration into one account, but let me tell you it has increased the readiness of the Navy.

General CRIST. May I respond to the gentleman's question?

Mr. DANIEL. Yes. Go ahead, General.

READINESS

General CRIST. Mr. Kasich, may I go back to your initial question, which is Senator Grassley's article, and then the expense/investment migration? As I testified before this committee, our personnel readiness, training readiness, materiel readiness, sustainability—for the Marine Corps are at an alltime high since 1980. Now, what has happened in that 5-year period? We think we are very good managers, but the basic thing that has happened is that our appropriations have increased greatly. We have gone from $1 billion in O&M in fiscal year 1981 to $1.6 in fiscal year 1984 and fiscal year 1985, and we are asking for $1.7 billion in 1985. That is the difference.

We are very good managers, but the readiness indicators, which are now at an alltime high, are directly related to those dollars. No question. If we didn't have the dollars, we would not be where we were, as this committee well knows, when you first started looking at this area. So I have got to say I cannot subscribe to that in the cause and effect relationship.

The second part is the expense/investment migration. Now, in our particular case, as I said, we were very selective about what we did. The $3,000 ceiling in itself didn't really mean very much because it doesn't relate to what it is that you are buying. As a base commander, let's say you are going to buy a small personal computer or you are going to buy something for one of your hangars; if that is $3,001, you have to go through the procurement funding to get that from us here at Headquarters, Marine Corps. A very laborious sort of process. So they generally tended to lease things.

Now, what is missing from that equation, then, was what is it that the man is trying to do and what is it that we are trying to do

with the dollars? We looked at it very carefully, a little bit like IRS. If it is an investment item, you are buying it as an investment and you are going to keep that thing as an investment, and you are going to at some point in time take it out and take it off your books as an investment item, right, I should control that. The base commander should not be doing that.

On the other hand, if it is purely an expense item, the base commander buy it and eventually dispose of it when it wears out. There is no point in me essentially managing that at the headquarters through the procurement budget. That to me makes sense. It makes sense if one carefully looks at what it is you are going to allow that local commander to buy and what it is that you want to keep in the headquarters accounts. That is why we have a very small migration, because we just were being very conservative.

In the Marine Corps' particular case, $15.3 million migrated from procurment to the O&M appropriation. Nothing really happened in the total budget in the sense that one appropriation went up and the other went down. This year that has a distorting effect. There is absolutely no question that it distorts the minus 1.3 percent the negative growth. If we didn't have that migration, the real negative growth is minus 2.2 percent. That I will absolutely agree to. But it did not have the effect of taking anything out. It had the effect of making O&M look a little bit better than it really is.

Mr. KASICH. General, that is I guess exactly my point and my concern. And that is I am afraid that if you shift part of the functions of procurement into readiness and then you label it readiness, you really are to some degree artificially inflating the percentages that you are spending, or the real dollars that you are spending on what before that was considered to be readiness. And I am afraid that then they say, "Well, my goodness, look how much we boosted the readiness account," but they don't take into account that they shifted a lot of duties and a lot of costs into there.

And I have to point out, in the Navy account we got Navy spending and procurement going at higher levels now on an upward path. So if we shifted a number of items out of procurement into readiness and we say there should be a drop in the procurement account, we are not seeing it. We are seeing a real increase in dollars that are being spent in the procurement account. And if we are shifting things from procurement into readiness, then we ought to see procurement heading down. We ought to see some effect in here, and I don't think that we are seeing it no matter how you look at these numbers.

General CRIST. Well, in our account, Mr. Kasich, of course——

Mr. KASICH. In your account, you are right. But you have been conservative about migration. And I am not saying for a second, I mean you are right. Admiral, you are absolutely right. You can't say that this spare part because it cost $3,001 that any less should be in one account, you know, of something that cost $3,000. And you got all this paper, and as you guys know, I am the last one that wants to have any trouble with spare parts, so I agree with you. I am just expressing the concern from the readiness point of view, and I hate to see procurement, from the Congress' vantage point or from some of these newspapers' vantage point, living out

of two accounts and saying we should be doing better on readiness when maybe we aren't.

But let me just close, Mr. Chairman, by saying——

Admiral HUGHES. May I say one thing, please?

Mr. KASICH. Yes.

Admiral HUGHES. You know we really have a semantic problem, and it is because of the way you are organized and the way we look at things. First of all, readiness is not just material. You know our personnel are so important to our readiness. Now, if you tell me that the MPN account has nothing to do with readiness, I am going to say, "No, that's wrong." If you tell me that a good part of the procurement account doesn't have to do with readiness, that is wrong, too. And so you are talking, as I detect, that the O&MN account equals readiness account. And I would say, "Hey, wait a minute. You better look at readiness in a broader term." People, MPN account, procurement; moving one from one account to another, it doesn't bother me. That shouldn't be the issue. The end product of readiness should be the issue.

Mr. KASICH. I absolutely agree with you. I guess what concerns me is when they say we spend *x* amount more dollars in the Navy on readiness than we did, but yet when you look at the numbers you find out that the depot maintenance has actually gone up or that BMAR has actually gone up. And I can just see the argument by a very clever politician saying we are spending all this money on readiness, yet BMAR and depot maintenance has actually increased, and therefore we are wasting all this money. It doesn't tell the whole story.

And let me just conclude, Mr. Chairman, by saying this. We did check Senator Grassley's argument, and I would for the record just like to say that the U.S. Navy has achieved a 29-percent improvement in surface ship readiness in the past 4 years, while the submarine fleet posted a 34 percent readiness improvement. In naval aviation squadrons the picture is even better, a 42-percent improvement in the critical measure of warfighting capability is the in-bin munition level for the Navy and Marine Corps as a whole. This level has increased 37 percent from 1981 to 1985, and for the period of 1985 to 1987 the level of in-bin munitions is projected to rise another 41 percent.

And I think it is unfortunate when Members play fast and loose with the figures, and I am really disturbed by this.

Thanks for the extended time.

Mr. DANIEL. Thank you, Mr. Kasich. That is a substantial contribution.

Mr. Hutto?

Mr. HUTTO. No questions, Mr. Chairman.

Mr. DANIEL. Mr. Ray.

Mr. RAY. No questions, Mr. Chairman.

Mr. DANIEL. Dr. West, did you want to talk about this 5 percent a little more? Let us get a little better record on that matter before we close the hearing.

Dr. WEST. It seems to be a consensus building here that the 5-percent pay cut for civilians is not going to make it, that Congress is not going to go along with it. The difficulty that we are left with is that we need to come up with a billion dollars to restore that

gey, and that is a very difficult thing to do under the current fiscal climate.

One of the proposals that has been advanced as a way of doing this and freeing up those dollars would be to reduce DOD, Navy, and Marine Corps, civilian personnel by 5 percent and, therefore, you would be able to free up the dollars and restore the money for the rest of the civilian work force.

What I would like to have both the Admiral, Commodore, and General respond to is would you favor such an approach in trying to address that 5 percent pay cut? And if not, why not? And what kind of an impact would it have upon the Navy and Marine Corps?

IMPACT OF PAY CUT

General Chief. Dr. West, I just want to make sure what I am talking about: the 5-percent reduction or don't authorize the 5-percent reduction but don't restore the money?

Dr. West. No, it would be to restore the money that you have taken out in your preparation of the budget. You have prepared the budget on the assumption that there would be a civilian pay cut of 5 percent. And what would be the proposal would be to go back and reduce the Department of Defense civilian personnel by 5 percent, take that funding and apply it to restoring civilian pay levels.

General Crist. Now, I will talk to the Marine Corps here because we have a very stringent civilian personnel policy. The civilians are used to meet the needs of the supporting activities to the maximum extent possible in order to free marines from having to do those kinds of jobs. What that has allowed us to do, then, is to maintain our Fleet Marine Force readiness at the highest level within manpower limitations that we have while at the same time providing that necessary level of continuity and specialized expertise in our supporting establishment within a very wide range of professional skills, you know, technical and administrative functions.

Now, if we were required to reduce our civilian work force by 906, which would be the 5 percent for us, the functions will still have to be accomplished. The alternative would be, as we have done in the past, to draw back military manpower from the operating forces. Now, in my opinion, that seems to be the wrong way to go. We should be, I think, and the Marine Corps is, seeking opportunities to do exactly the opposite; to civilianize where possible, either through civil service or through the contracting out programs, so that we can relieve more marines to go back into the foxholes. So the impact on us simply would be some sort of a degradation on the readiness of our Fleet Marine Forces as we bring back in military personnel to do whatever functions we have to cut out that those 906 represent.

Admiral Hughes. Commodore, would you care to say something about this?

IMPACT OF PAY CUT

Commodore Riendeau. Yes, sir, I would. The thing to keep in mind when we are talking about the 5-percent strength reductions

in the civilian work force is that a good deal more than half of our civilians are directly employed in readiness functions; primarily in shipyards and the NARF's. We have about another third of them that are deeply involved in the procurement area. If we were to talk about an end strength reduction, what we would be doing is, since we have no end strength constraints on civilians, taking out of the O&M account an equivalent amount of dollars to pay the salaries. The impact you would see among other things is backlogs would go up; there is no question about it. I think we would lose some of the initiative we have ongoing in buying our parts smarter, quicker. We have an ongoing program that General Crist mentioned, in civilian substitution, where we are trying to hold the line on military end strength by substituting civilians in shore intensive ratings. If we were to back off from that, it would not allow us to ease the pressure on the military end strength.

So, overall, Dr. West, it would have a rather severe impact on us.

Dr. WEST. I take it you would be opposed to it?

Commodore RIENDEAU. Opposed to the 5-percent reduction?

Dr. WEST. Yes.

Commodore RIENDEAU. Yes, sir.

Mr. DANIEL. Mr. Eastman, do you have any questions?

Mr. Ray, do you have any additional questions?

Mr. RAY. No, sir.

Mr. DANIEL. Dr. West, do you have any additional questions?

Dr. WEST. I just have one observation that kicked around this migration thing. I don't think anybody is questioning the desirability of these things. I think that they do have a validity. The difficulty is that we find ourselves at this level of the process in that when the O&M account seems to be inflated and the calculations are made on the basis of real growth, then we are forced to make reductions. And as good as things like the DLR's and the shipboard reparables, they are not going to help you out very much if we have to come back and take $400 million out of P-2. We are going to end up with people having to make some very difficult choices at that point, and we lose the full benefit.

And I think that the primary concern is the pressures that it places on us up here in trying to allocate resources and the fact that it does disguise progress over the last 4 or 5 years. We are also faced with a situation where in looking at the FYDP that there seems to be an anomaly here that despite these migrations of funding since 1981, for example, investment in Navy will grow to about 50 percent of the budget while O&M despite everything will continue to fall to about 26 or 27 percent.

So those are the kind of concerns. It is not questioning the individual merits of the thing, it is just that they do create a systemic problem and that it comes back to haunt us.

Mr. DANIEL. Excuse me. The problem we have, really, and perhaps the answer to it is we are going to have to settle on the definition of readiness, what is supposed to go into a readiness account and what goes into the procurement; otherwise, we find ourselves in this position. At some point the chairman of the full committee is going to call all the subcommittee chairmen in and say, all right, we have to cut the budget this much; this is your proportionate share. So that is where we get hit, you see.

Admiral HUGHES. Yes, sir.

Mr. DANIEL. And unless we can arrive at some sort of mutual definition about what do we want to put in the readiness account, we are going to always suffer because of the, I guess we might call it the—well, semantics is the best term for it. I think that is really what we have to do.

Admiral HUGHES. I appreciate that, Mr. Chairman, and certainly am thankful for your understanding of it. We in the Navy when we go through our planning process go through the same sort of thing, and we report in the readiness column without worrying about what appropriation. In the sustainability column and the modernization column and in the Force column how we will change from year to year, and readiness takes priority. Whether it comes from the procurement account or the operation account is not really discernible among the things that we define as contributing to readiness, and we do not have a congruent definition at this point.

Mr. DANIEL. Mr. Kasich.

Mr. KASICH. Could I ask another question not related directly to that but to the issue of pay Dr. West raised? And that is—I will just ask the chairman this question. We are not going to cut the 5 percent as was budgeted when it was sent up here for the civilian employees. I mean everybody knows that isn't going to happen. So we have a number of options. We are either going to cut the number of civilians, which I raised the other day with somebody from the Navy about the clerks and the cooks and the fighting people, and the percentages and relationships there—I still, by the way, Mr. Chairman, hope we are going to get those numbers on the number of cooks that also are frontline soldiers that they promised for me a couple of weeks ago. But the other choice is to cut the programs by the amount of the restored pay cut or perhaps cancel the 3-percent pay that is due to come in June.

Now, I know, General, that doesn't make you very happy, but you have four already. Look, I mean is it in your judgment a responsible thing for this subcommittee to at least give consideration of that 3 percent in June, to try to save that money through 1986 without having to cut some other—we are getting down to the basics.

General CRIST. Well, obviously, Mr. Kasich, I cannot comment on that particular tradeoff because those are movements between two major accounts that is the province of the Congress of the United States. But regarding the other two options, I have already talked about the effect of reducing civilian personnel.

The other thing is if we have to absorb the 5-percent pay reduction which is about a $13.7 million cut for O&M, there is a couple of places I can absorb that. That is my problem. I would have to go into FMF support, which we have talked about, equipment maintenance and quality of life items. I would have to slow down on facility maintenance, throttle back the issue of new equipment, or create a backlog of depot maintenance.

When I am already sitting with a 1.3- or 2.2-negative growth, I am always frozen. The Marine Corps then feels terribly vulnerable when we talk about reductions caused by either one of the first two options you mentioned.

Mr. KASICH. What about the third option? What impact would it have on the quality of guys and women that you are going to take into the services if we don't get the 3 percent in June and we don't get anything in 1986, in fiscal year 1986?

IMPACT OF PAY CUT ON QUALITY OF PERSONNEL

General CRIST. Well, of course, we are back to the advertising, the recruiting and that entire area. Then I have another chicken and egg because as the economy goes up and the demographics go down, obviously, comparability is one of the things that we are trying to sell this young person on coming into the services; among other things. This begins to affect that. To what extent, how long, I don't know, but I have got to say it is going to have some sort of a negative effect on our recruiting efforts.

Mr. KASICH. How about one last question, Mr. Chairman?

Mr. DANIEL. Of course.

Mr. KASICH. That is, are you telling me that maybe we are getting ourselves in a position—and I would like to have the Admiral answer this, too—that we may not be able to afford this voluntary system; that if we have got these tough choices to make, we may ultimately find ourselves in a position where we have got to go back to some kind of a mandatory service for some period of time?

Admiral HUGHES. Well, I will try it. I am taking a little bit of umbrage here with my friend.

I think if you cut 3 percent, or any percent, right now recognizing that we are about 12.9 percent behind what we call an ECI, that is the employment cost index that is used for pay; but if you cut that I think the greater impact is not going to be in recruiting. It will have an impact in recruiting, it is going to be more detrimental to retention, the guy that is the career guy. And if you want to cut your nose off to spite your face, get rid of the guy that you have trained that is really contributing to your readiness. To keep him is a cheap investment. That is the cheapest investment you can get, to keep that guy you have already trained. So I say, please be careful of that.

Another point I would like to mention is I am not sure if you are playing with funny money from the standpoint that the money of the 3 percent is not in any budget that I know of right now. And you are talking about fiscal year 1985, you are probably talking about you would have to have a pay supplement in order to accommodate that 3-percent raise. I don't know of it. The fiscal year 1985 budget is gone. The fiscal year 1986 budget does not have that 3 percent in it. So I am not sure what kind of money you are playing with.

All right. I am sorry. In the 1985 it is not.

Mr. DANIEL. It is in 1986.

Admiral HUGHES. It is in 1986, it is not in 1985. I beg you pardon, I stand corrected.

Mr. KASICH. Right, because it occurs in June.

Admiral HUGHES. Yes, but that is still 1985.

Mr. KASICH. Right.

Admiral HUGHES. So you are playing with a little bit of funny money of what is going to happen next.

Commodore RIENDEAU. The money is not available in the 1985 budget to take out.

Mr. KASICH. But it is available in 1986.

Commodore RIENDEAU. Yes, sir, it is available in 1986.

Admiral HUGHES. But again, I think you are talking more about retention than——

General CRIST. Mr. Kasich, I might add I do not disagree with the admiral that there is a retention aspect as well as one of recruiting. I remember appearing before Mr. Daniel's committee some years ago discussing at that time a 6-month enlistment or perhaps a 2-year enlistment as a part of an universal military training scheme. We priced it out, and what we ended up with is having to take a very large number of personnel in front; pay to train them; and then, because it was a universal military service of some short term, had to release them early. The costs, then, to keep this recruiting-training pumping out cycle were at that time, I believe, were a great deal more than it is costing us now to maintain the All-Volunteer Force with the retention that we have.

Mr. KASICH. That is really a very interesting point. It is very interesting.

Mr. DANIEL. Thank you.

Commodore RIENDEAU. May I make one more comment, Mr. Chairman, on that?

Mr. DANIEL. Yes, indeed.

Commodore RIENDEAU. To fund the civilian 5-percent pay reduction, if you were to look at taking that all out of the Navy O&M account, it would take 1.5 percent of the account. If we were to do that, then we would start off with the top line not changing one iota. I would then have a 1.3-negative real program growth against which any other reductions would be applied. That is why I said in my opening statement, you know, to undo something like the 5-percent pay cut and looking only in the O&M, MPN accounts, would hit right smack at the heart of readiness and that would totally upset the balance of the submitted budget.

What I am saying is if you are looking to restore the 5-percent pay cut you have to look across the spectrum of all accounts, and take proportionate reductions otherwise, you will undo a good budget.

Mr. DANIEL. We have some other questions we want to submit for the record. We would appreciate a response as rapidly as possible because it is not going to be too long before we are going to commence to mark up this bill.

[The following questions were submitted to the witnesses to be answered for the record:]

AIRCRAFT REWORK

Question: How much funding has and will be invested in developing engine blade and vane repair capability at the Cherry Point Naval Aircraft Rework Facility?

Admiral Hughes: Currently, $488,000 of NIF Asset Capitalization Program (ACP) funding has been invested in multi-purpose equipment. The P-940 MILCON project is planned out at $15,900,000 for FY 1987. Special equipment procurement totaling $36,000,000 of NIF ACP funding is planned subsequent to FY 1986.

Question: Will a study be made to determine whether contracting with private industry for these repairs to engine blades and vanes will be a cost effective alternative?

Admiral Hughes: A thorough study has been conducted which determined that there is an economic mandate to establish type II repair capability within DOD, and that the capability to repair engine turbine blades considered to be non-repairable in the past due to cost and technology limitations is now achievable.

Furthermore it should be emphasized that the Blade and Vane Repair Facility was never intended to process all blades and vanes requiring repair, but was sized to meet Navy Core Baseline/MOB requirements which is supported by the Joint Depot Maintenance Analysis Group "Gas Turbine Engine Blade and Vane Sub-study" dated 28 September 1984.

As blade and vane repair technology is developed at the Cherry Point facility and elsewhere (commercial and organic) the numbers of blades and vanes being condemned will be substantially reduced. At present within DOD, 16.6 million blades and vanes are processed through DOD and commercial facilities for inspection and repair. Of that figure, 6.2 million are being condemned. The Cherry Point facility is sized to process 1.0 million with effective repairs to about 350 thousand. This will prevent lengthy delays in blade turn-around-time, decreased pipeline inventory and reduced overall repair costs. Also, since chromium and cobalt used in turbine blades are critical strategic material, the development of an in-house capability would reduce the usage of these materials and lessen our dependency on foreign suppliers.

Question: What impact will the transition of aviation repairables from appropriation funding to stock funding have on capital equipment expenditure levels in Fiscal Years 1985, 1986, and 1987?

Admiral Hughes: I do not expect a dramatic change in the Naval Air Rework Facilities total equipment requirement as a result of the AVDLR initiative. The equipment purchase levels for FY 1985 and 1986 have, of course, already been fixed and I expect that the FY 1987 levels will show some growth over these levels but this is more a result of the overall equipment modernization needs rather than the AVDLR initiatives.

Question: What are the projected capital equipment expenditures for Fiscal Years 1985 and 1986?

Admiral Hughes: The projected capital equipment expenditures at the Naval Aircraft Rework Facilities for items with a unit cost in excess of $5,000 in Fiscal Year 1985 is $86,200,000 and for Fiscal Year 1986 is $87,250,000.

Question: How will the expenditures for equipment in Fiscal Year 1986 compare with the expenditures requested by the naval air rework facilities in Fiscal Years 1983 to 1985?

Admiral Hughes: The FY 1986 request for Naval Aircraft Rework Facilities is higher than any year requests in fiscal years FY 1983 to FY 1985. The amounts requested are as follows:

	FY 1983	FY 1984	FY 1985	FY 1986
Budget	$18.0M	$42.3M	$86.2M	$87.2M

Question: Why has the amount of reserve funds increased so greatly over the years.

Admiral Hughes: Management reserves in FY 1985 have actually declined from levels held in the past few years. The requirement for the reserve, of course, is dependent on many factors. Over the past several years, financial management of this multi-billion dollar account has been executed for several months without benefit of final Congressional decisions relative to program direction and supplemental requests. While awaiting such actions, we must ensure the existence of a capability to support national Navy commitments and fleet readiness. In order to be responsive, and comply with Congressional law and intent, we establish a reserve at a level which does not impede orderly program execution.

Question: How does the set-aside of reserve funds impact day-to-day maintenance operations since activities do not know until mid-year how much additional funding will be available to execute their programs?

Admiral Hughes: It does not impact day-to-day operations. Mid-year review funding decisions are effected to support priority emergent requirements.

Question: How much of the reserve funds withheld from fiscal year 1980 through fiscal year 1985 were appropriated for aircraft rework and maintenance?

Admiral Hughes: Pending specific Congressional approval of various programs, the reserve is established at major command or claimant level rather than individual program. However, according to a comparison of appropriated versus executed funding levels for the program from FY 1980 through FY 1984, over 99.6 percent of total funding appropriated has been obligated for aircraft rework.

Question: How much of the funding withheld for reserve in fiscal year 1984 and 1985 will be put back into aircraft rework and maintenance?

Admiral Hughes: For the reasons outlined above, there is no specific answer to this question. However, I think the execution of 99.6% of appropriated levels in the past five years should give you a general appreciation of aircraft rework funding trends in execution. Of course, FY 1985 is at an early point of execution, but at this time, we have no reason to expect that the year will not be in line with past performance.

AIRCRAFT SERVICE PERIOD ADJUSTMENT

Question: Admiral Hughes, are there F-14 or A-6 aircraft in storage other than the ones at Norfolk and North Island and what use is planned for these aircraft?

Admiral Hughes: Yes, six F-14A and twenty-seven A-6E aircraft are in storage at the Military Aircraft Storage and Disposition Center (MASDC), Davis Monthan AFB, Tucson, Arizona. Details are as follows:

Aircraft in Storage
Military Aircraft Storage and Disposition Center (MASDC)

F-14A - Six are in storage. Three are in mobilization 1/ status and three in reserve retention 1/. Four of the aircraft are early production units and are under evaluation for possible reintroduction to the active or reserve fleet. Two aircraft are Full Scale Development (FSD) aircraft and are awaiting disposition.

A-6E - Twenty-seven are in storage. All of these aircraft are programmed for eventual withdrawal, rework, and return to service with active fleet units.

Notes
1/ Mobilization - Aircraft are maintained to be withdrawn within a specific timeframe (M+10 days to M+3 months).
Reserve Retention - Aircraft status varies and is based on cost, requirements and potential for future utilization.

AIRCRAFT REWORK

Question: Explain why the F/A-18 will now require depot rework when little or no depot level rework originally was forecasted or planned?

Admiral Hughes: Depot level rework for the F/A-18 was always included in the Support Planning Document as shown in supporting backup budget exhibits. This document was established to display short and long range requirements for depot support, since the aircraft does not have a scheduled depot interval. The primary areas of depot support are aircraft modification; special rework and repair; Age Exploration; corrosion control/paint; and aircraft/system configuration control. The age exploration program is controlled by two documents, the maintenance requirements review board specifications and age exploration depot specifications. These documents identify the sample size, magnitude of inspections and report actions to support the maintenance plans.

Question: How does the Navy determine its' F-18 capacity requirements without knowing its' rework needs?

Admiral Hughes: Airframe rework capacity requirements are based on establishing crash damage repair capability, age exploration program support, corrosion control/paint management plan and special rework and repair requirements. Engine and component repair requirements constitute the vast majority of F-18 Depot Maintenance. Capacity for these

requirements is based on Logistics Support Analyses (LSA) and Maintenance Engineering data developed by the manufacturers and reviewed by the Navy for consistency with fleet experience and design objectives. Initial capacity is based on predicted reliability and flying hours expressed as Depot Level Maintenance Replacement Factors and/or unit repair requirements for each repairable. Initial labor hours estimates are engineered standards based on analysis of similar equipment. Both repair volumes and labor standards are adjusted at least annually as empirical data becomes available.

Question: How much capacity exists at North Island to support the F/A-18?

Admiral Hughes: NARF North Island has capacity for 24 in-process F/A-18 aircraft. Engine capacity is approximately 40 engines and 40 modules per quarter. Additionally North Island has repair capability (with limited capacity) for about 20 percent of the depot repairable F/A-18 components.

Question: If sufficient data is not yet available to determine F/A-18 depot rework requirements why is a second depot capability being developed at Jacksonville? Also, how much funding is included in the Fiscal Year 1986 request to develop Jacksonville's capability?

Admiral Hughes: The F/A-18 aircraft will replace the F-4 and A-7 aircraft in the operating inventory. The projected airframe, engine, component and support services requirement is large enough to require the depot capacities of both North Island and Jacksonville. The phase-in of capability at Jacksonville in FY 1987 is planned to precisely meet this projected workload requirement. $57.2M of APN Budget Activity 1 funding has been included in the FY 1986 request for development of facilities at Jacksonville

Question: Where does the Navy plan to obtain air rework support for the F-16 and has the Navy considered having the Air Force provide this support through an interservice agreement?

Admiral Hughes: This existing procurement contract with General Dynamics includes firm fixed priced maintenance line item options (including O, I, and D level). The first time O&MN dollars will be required for maintenance support is FY-88. The US Navy has the option of transfering support responsibilities to the USAF upon expiration of any of the contract options. An analysis will be performed to determine the most cost effective method of maintenance support, whether it is by the USAF, a contractor, or a combination of the two. To this end, interservice agreement discussions with the USAF have been ongoing since July 1984, where a draft MOU was generated. The interservice agreement, if ratified by both services, will provide for "I" and "D" level maintenance, "O" level maintenance will still need to be provided by either Navy or contractor personnel.

Question: What factors account for the efficiency levels being set below 100 percent and what impact in percentage terms do each of these factors have on the efficiency levels?

Admiral Hughes: Several factors impact efficiency levels. The most significant are trade skill weaknesses or imbalances; workaround due to material support delays; facilities; equipment; environmental restrictions; safety regulations; quality defects; and volume variances. Efficiency levels applied to individual type/model/series airframes are expressed as a percentage of earned hours to actual or anticipated expended manhours made up of engineered standard hours applied to individual tasks and accumulated to a total for a specific product. Engineered standard hours are developed based on the average artisan(s) working under normal condition. They do not take into account such things as material delays, unavailable technical data, facility and equipment limiters or unavailable/untrained skills to perform the individual task. Initiatives to improve aircraft work content identification are ongoing and should result in earlier, more accurate projections of emergent requirements likely to be encountered upon airframe induction into SDLM. These efforts are expected to improve planning, which should reduce material delays, skill imbalance problems and improve overall efficiencies with a goal toward approaching 100%. Application of a percentage to the individual external influencing factors that make up the total variance between actual/projected efficiency and 100 percent are not readily available nor visible.

Question: Why are there such large variances in the negotiated efficiency levels for different aircraft?

Admiral Hughes: High volume, repetitive work will generally result in higher performance levels than low volume work. Additionally maintaining expertise, parts support, technical data, and other support for older airframes with low induction quantities is extremely difficult and contributes to lower efficiency. This is further aggravated by degradation of the airframe to the extent that new, one-of-a-kind repairs must be accomplished without benefit of any experience.

Question: For older aircraft types such as the KA-6D, why are the negotiated efficiency levels set so low? What efforts are being made to use a 100 percent efficiency level for older aircraft?

Admiral Hughes: Older aircraft such as the KA-6D are often assigned extremely important missions in support of fleet operations. In the case of the KA-6Ds, they are the oldest production A-6A aircraft converted to air refuellers and assigned an extremely different mission than that originally intended for the airframe. These aircraft, because of small inventories and the nature of their mission, remain in operation for extended periods, are frequently cross-decked and rapidly accumulate flight hours. This results in extensive airframe structural deterioration of the basic airframes requiring greater depths of rework in order to restore/preserve structural integrity. As depth of rework has increased because of emergent requirements, so have inefficiencies associated with the lack of material support, technical data, skills, and equipment. Initiatives to improve aircraft work content identification are ongoing and should result in earlier, more accurate projections of emergent requirements likely to be encountered upon airframe induction

into rework. These efforts are expected to improve planning, which should reduce material delays, skill imbalance problems and improve overall efficiencies.

Question: For aircraft reworked at two naval air rework facilities, why are the efficiency levels different?

Admiral Hughes: There are several factors which influence efficiency levels of the rework facilities that rework like airframes. These factors include physical plant layout, skill levels, material availability, trade skill imbalances and workload volume variances.

Question: Are the efficiency levels improving in Fiscal Year 1985 compared to Fiscal Year 1984 and what efficiency levels are projected for Fiscal Year 1986?

Admiral Hughes: Efficiency levels are improving as indicated below.

FY84	NARF composite actual performance	79.4%
FY85	NARF composite planned performance	84.7%
FY86	NARF composite planned performance	86.8%

Question: For aircraft reworked at two sites, what specific actions and results are taking place in terms of sharing efficiency improvement techniques at one naval aircraft rework facility (NARF) with the other NARF?

Admiral Hughes: Workload Standard Development and exchange visit meetings have concentrated on the exchange of information between the NARFs regarding the processing of dual-sited airframes. These efforts have produced positive results in successfully minimizing differences between dual-sited facilities. Furthermore, new Workload Standard Development guidelines will establish a universal criteria for packaging work content and productivity initiatives. For dual-sited aircraft, this information will be exchanged prior to the submission of budget requirements.

Question: What actions are being taken to establish a systematic program of comparing the procurement costs and repair costs of consumable items?

Admiral Hughes: There are two categories of Navy aviation consumable items.

a) Field Level Repairables (FLR): Consumable items repaired or discarded below the depot level e.g., if economical, repaired at "I" or "O" level maintenance or discarded at "I" or "O" if not economically repairable.

b) Throw-Aways: Consumable items not normally repaired at any level of maintenance. Repaired at depot level on exception basis as an emergency "stop gap" measure.

Question: What are the actual efficiency levels for each of the Naval Aircraft Rework Facilities for Standard Depot Level Rework of each type, model, series and block of aircraft?

Admiral Hughes: The requested data is attached.

FY-85 NEGOTIATED AIRFRAME REWORK PERFORMANCE FACTORS 25-MAR-1985
PAGE 1

DRP	TMS	SUBPROG	FY85 PI
ALAMEDA			
	EA3B*	SDLM	.820
	ERA3B*	SDLM	.820
	KA3B*	SDLM	.820
	NA3B*	SDLM	.820
	NRA3B*	SDLM	.820
	RA3B*	SDLM	.820
	TA3B*	SDLM	.834
	VA3B*	SDLM	.834
	A6E FS	SCDO	.780
	A6E W256*	SDLM	.870
	A6E*	SDLM	.900
	EA6B*	SDLM	.870
	KA6D W256*	SDLM	.850
	EP3A*	SDLM	.870
	EP3B*	SDLM	.870
	EP3E DWELL	SMOD	.730
	EP3E*	SDLM	.870
	P3A*	SDLM	.870
	P3B*	SDLM	.920
	P3C*	SDLM	.920
	RP3A*	SDLM	.870
	RP3D*	SDLM	.870
	YP3C*	SDLM	.870
	S3A	SCDO	.800
	S3A	SCON	.800

Attachment 1

FY-85 NEGOTIATED AIRFRAME RE-CRX PERFORMANCE FACTORS 25-MAR-1985
PAGE 2

DRP	IMS	SUBPROG	FY85 PI
	S3A BAG	SMOD	.820
	S3A UES	SDLM	.820
	S3A*	SDLM	.880
ALAMEDA			
	AVERAGE PI FY85:		.844

FY-85 NEGOTIATED AIRFRAME REWORK PERFORMANCE FACTORS 25-MAR-1985
PAGE 3

DRP	TMS	SUBPROG	FY85 PI
CHERRY POINT			
	OV10A*	SDLM	.765
	OV10D*	SDLM	.758
	CH46D*	SDLM	.894
	CH46E SR&M	SMOD	.905
	CH46E*	SDLM	.864
	HH46A*	SDLM	.794
	NCH46A*T/O	SDLM	.850
	UH46D*	SDLM	.829
	F4J*	SDLM	.815
	F4S	MTRM	.800
	F4S	SCDU	.726
	F4S	SMOD	.741
	F4S*	SDLM	.809
	RF4B	MTRM	.776
	RF4B	SMOD	.704
	RF4B*	SDLM	.736
	AV8A	SDLM	.763
	AV8C	SDLM	.763
	TAV8A	SDLM	.789
CHERRY POINT			
	AVERAGE PI FY85:		.794

FY-85 NEGOTIATED AIRFRAME RE-CRK PERFORMANCE FACTORS 25-MAR-1985
PAGE 4

DRP	TMS	SUBPROG	FY85 PI
JACKSONVILLE			
	A7B	MTRM	.940
	A7B*	SDLM	.940
	A7C*	SDLM	.940
	A7E	MTRM	.960
	A7E	SCDO	.900
	A7E FLR	SMOD	.940
	A7E*	SDLM	.940
	A7E*DITMCO	SDLM	.940
	TA7C	MTRM	.940
	TA7C	SCDO	.900
	TA7C	SMOD	.940
	TA7C TF41	SDLM	.940
	TA7C*	SDLM	.941
	CP3A	SCON	.900
	P3B*	SDLM	.940
	P3C*	SDLM	.940
	VP3A*	SDLM	.940
JACKSONVILLE			
		AVERAGE PI FY85:	.934

FY-85 NEGOTIATED AIRFRAME REWORK PERFORMANCE FACTORS 25-MAR-1985
PAGE 5

DRP	TMS	SUBPROG	FY85 PI
NORFOLK			
	F14 8100*	SMOD	.850
	F14 8105*	SMOD	.850
	F14 8110*	SMOD	.850
	F14 8115*	SMOD	.850
	F14 8120*	SMOD	.850
	F14 860*	SMOD	.819
	F14 865*	SMOD	.818
	F14 870*	SMOD	.818
	F14 875*	SMOD	.818
	F14 880*	SMOD	.818
	F14 885*	SMOD	.818
	F14 890*	SMOD	.850
	F14 895	SCOD	.850
	F14 895*	SMOD	.850
	F14A*	SMOD	.850
	A6E*	SDLM	.803
	A6E/KA6D	SCOM	.720
	EA6A	SMOD	.800
	EA6A*	SDLM	.800
	EA6B*	SDLM	.800
	KA6D*	SDLM	.716
NORFOLK			
	AVERAGE PI FY85:		.819

FY-85 NEGOTIATED AIRFRAME REWORK PERFORMANCE FACTORS 25-MAR-1985
PAGE 6

DRP	TMS	SUBPROG	FY85 PI
NORTH ISLAND			
	F14 B100*	SMOD	.850
	F14 B105*	SMOD	.850
	F14 B115*	SMOD	.850
	F14 B90*	SMOD	.850
	F14 B95*	SMOD	.850
	F14A*	SMOD	.865
	I38A	FINS	.800
	CH46D*	SDLM	.670
	CH46E SMLM	SMOD	.800
	CH46E*	SDLM	.805
	HH46A	SMOD	.784
	HH46A*	SDLM	.784
	UH46D*	SDLM	.670
	E2B*	SDLM	.701
	E2C*	SDLM	.701
	IE2A*	SDLM	.797
	IE2C*	SDLM	.797
	F4S*	SDLM	.800
	F5E	FINS	.800
	F5F	FINS	.800
	FA18	SDLM	.800
	FA18A	SCDD	.800
	IFA18	SDLM	.800
NORTH ISLAND			
	AVERAGE PI FY85:		.792

FY-85 NEGOTIATED AIRFRAME RE-ORK PERFORMANCE FACTORS 25-MAR-1985
PAGE 7

DRP	TMS	SUBPROG	FY85 PI
PENSACOLA			
	T28B	SDLM	.935
	T39D*	SDLM	.851
	CH53A DES	SDLM	.830
	CH53A*	SDLM	.880
	CH53D*	SDLM	.880
	CH53E*	SDLM	.850
	RH53D	SMOD	.880
	RH53D*	SDLM	.880
	SH60B*	SDLM	.800
	A4E*	SDLM	.900
	A4F*	SDLM	.900
	A4M	SCDO	.886
	A4M ARBS	SMOD	.942
	A4M*	SDLM	.900
	EA4F*	SDLM	.850
	NA4F*	SDLM	.900
	NA4M	SMOD	.942
	NA4M*	SDLM	.900
	NTA4F*	SDLM	.923
	OA4M*	SDLM	.900
	TA4F*	SDLM	.926
	TA4J	SCDO	.887
	TA4J*	SDLM	.900
	HH3A	SMOD	.860
	HH3A*	SDLM	.880

FY-85 NEGOTIATED AIRFRAME REWORK PERFORMANCE FACTORS 25-MAR-1985
PAGE 8

DRP	TMS	SUBPROG	FY85 PI
	SH3A*	SDLM	.840
	SH3A/G	SCON	.840
	SH3D	SMOD	.900
	SH3D*	SDLM	.918
	SH3G	SMOD	.877
	SH3G*	SDLM	.900
	SH3H	SCDO	.850
	SH3H	SMOD	.860
	SH3H*	SDLM	.905
	UH3A*	SDLM	.899
	VH3A	SDLM	.900
	VH3A/G	SCON	.883
PENSACOLA			
		AVERAGE PI FY85:	.886

FY-85 NEGOTIATED AIRFRAME RE-CRK PERFORMANCE FACTORS 25-MAR-1985
PAGE 9

DRP	TMS	SUBPROG	FY85 PI
**********	**********	**********	**********
**********	**********	**********	**********
	AVERAGE PI FY85:		.847

*ASPA ELIGIBLE

DRC01:[OPS,WLS,ACFTIDTR @NEGPI85,DTR

FY-86 NEGOTIATED AIRFRAME REWORK PERFORMANCE FACTORS

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PAGE 1

DRP	TMS	SUBPROG	FY86 PI
ALAMEDA			
	EA3B*	SDLM	.9000
	ERA3B*	SDLM	.9000
	KA3B*	SDLM	.9000
	KA3B*W477	SDLM	.8200
	NA3B*	SDLM	.9000
	NRA3B*	SDLM	.9000
	TA3B*	SDLM	.9000
	VA3B*	SDLM	.8270
	A6E FS	SCDO	.7800
	A6E *256*	SDLM	.8700
	A6L*	SDLM	.8700
	EA6B*	SDLM	.8700
	KA6D *256*	SDLM	.8500
	NEA6B*	SDLM	.8700
	EP3A*	SDLM	.8700
	EP3B*	SDLM	.8700
	EP3E	MTRM	.8500
	EP3E DWELL	SMOD	.8500
	EP3E*	SDLM	.8700
	P3A*	SDLM	.8700
	P3B*	SDLM	.9200
	P3C*	SDLM	.8800
	RP3A*	SDLM	.8700
	RP3D*	SDLM	.8700
	TP3C*	SDLM	.8700

Attachment 2

FY-86 NEGOTIATED AIRFRAME REWORK PERFORMANCE FACTORS

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PAGE 2

ORP	TMS	SUBPROG	FY86 PI
	SJA	SCDD	.7800
	SJA BAG	SHDD	.8200
	SJA DES	SULM	.8200
	SJA*	SDLM	.8700
ALAMEDA			
	AVERAGE PI FY86:		.877

FY-86 NEGOTIATED AIRFRAME RE-ORH
PERFORMANCE FACTORS

DRP	TMS	SUBPROG	FY86 PI
CHERRY POINT			
	OV10A*	SDLM	.7810
	OV10D	SMOD	.7580
	OV10D*	SDLM	.7580
	KC130F	SDLM	.8210
	KC130R	SDLM	.8210
	CH46 FE	SCON	.9690
	CH46A*	SDLM	.7960
	CH46D SRLM	SMOD	.8400
	CH46D*	SDLM	.8280
	CH46E	SCDO	.8810
	CH46E SRLM	SMOD	.8450
	CH46E*	SDLM	.8380
	HH46A	SMOD	.8120
	HH46A SRLM	SMOD	.8500
	HH46A*	SDLM	.8090
	HCH46A*	SDLM	.8090
	UH46D	SMOD	.7930
	UH46D*	SDLM	.8050
	F4J*	SDLM	.8140
	F4S	SCDO	.7260
	F4S	SMOD	.7400
	F4S*	SDLM	.8090
	RF4B	MIDM	.7280
	RF4B	SMOD	.7040
	RF4B*	SDLM	.7360

FY-86 NEGOTIATED AIRFRAME RE-ORK
PERFORMANCE FACTORS

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PAGE 4

DRP	TMS	SUBPROG	FY86 PI
	AV8 AC	SCON	.8460
	AV8A	SDLM	.8130
	AV8C	SDLM	.7860
	TAV8A	SDLM	.7710
CHERRY POINT			
	AVERAGE PI FY86:		.816

FY-86 NEGOTIATED AIRFRAME REWORK
PERFORMANCE FACTORS

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PAGE 5

DRP	TMS	SUBPROG	FY86 PI
JACKSONVILLE			
	A7B	MTRN	.9400
	A7B*	SDLM	.9400
	A7C*	SDLM	.9400
	A7E	MTRN	.9400
	A7E	SCDO	.9400
	A7E DIFMCO	MTRN	.9400
	A7E*	SDLM	.9400
	A7E*DIFMCO	SDLM	.9400
	EA7L	SMOD	.9400
	NA7C*	SDLM	.9400
	NA7E	SDLM	.9400
	TA7C	MTRN	.9400
	TA7C	SMOD	.9400
	TA7C TF41	SDLM	.9400
	TA7C*	SDLM	.9400
	P3A	SDLM	.9400
	P3B*	SDLM	.9840
	P3C*	SDLM	.9860
	VP3A	SMOD	.9400
	VP3A*	SDLM	.9400
	E52D	SDLM	.9400
JACKSONVILLE			
	AVERAGE PI FY86:		.955

FY86 REGULATED AIRFRAME REWORK
PERFORMANCE FACTORS

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PAGE 6

DRP	TMS	SUBPROG	FY86 PI
NORFOLK			
	F14 B100*	SMOD	.8500
	F14 B105*	SMOD	.8500
	F14 B110*	SMOD	.8500
	F14 B115*	SMOD	.8500
	F14 B120*	SMOD	.8500
	F14 B65*	SMOD	.8190
	F14 B70*	SMOD	.8180
	F14 B75*	SMOD	.8180
	F14 B80*	SMOD	.8180
	F14 B85*	SMOD	.8180
	F14 B90*	SMOD	.8500
	F14 B95	SCDG	.8500
	F14 PRE/90	SMOD	.8700
	F14 SUB/90	SMOD	.8700
	F14P/90DIT	SMOD	.8180
	F14S/90DIT	SMOD	.8500
	A6E OLD A*	SDLM	.8010
	A6E*	SDLM	.8010
	A6K227-285	SDLM	.8010
	EA6A	SMOD	.8000
	EA6A*	SDLM	.8000
	EA6B*	SDLM	.8000
	EA6BDITMCO	SDLM	.8000
	KA6D*	SDLM	.7160
	KA6D227-28	SDLM	.7160
NORFOLK	AVERAGE PI FY86:		.858

FY-86 NEGOTIATED AIRFRAME REWORK PERFORMANCE FACTORS

ORP	TMS	SUBPROG	FY86 PI
NORTH ISLAND			
	F14 B105*	SMOD	.8700
	F14 B115*	SMOD	.8700
	F14 B90*	SMOD	.8700
	F14 B95*	SMOD	.8700
	F14 TCR*	SMOD	.8700
	F14A*	SMOD	.8700
	T38A	FINS	.8560
	CH46D*	SDLM	.7460
	CH46E SPE*	SMOD	.8280
	CH46E*	SDLM	.8000
	HH46A*	SDLM	.7240
	UH46A*	SDLM	.6700
	UH46D*	SDLM	.7460
	C2A*	SDLM	.7970
	E2B*	SDLM	.7750
	E2C*	SDLM	.8000
	TE2A*	SDLM	.7970
	TE2C*	SDLM	.7970
	FA18*	AEPD	.7600
	FA18A	SCDD	.7600
	TFA18*	AEPD	.7600
NORTH ISLAND			
AVERAGE PI FY86:			.842

FY-86 NEGOTIATED AIRFRAME REWORK
PERFORMANCE FACTORS

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PAGE 8

DRP	T*S	SUBPROG	FY86 PI
PENSACOLA			
	T39D*	SDLM	.8990
	CH53A*	SDLM	.8500
	CH53D	SCDD	.8990
	CH53D*	SDLM	.8510
	CH53E	SMOD	.8500
	CH53E*	SDLM	.8500
	MH53E	SDLM	.8500
	RH53D	SMOD	.8500
	RH53D*	SDLM	.8500
	SH60B*	SDLM	.8000
	A4E*	SDLM	.8900
	A4F*	SDLM	.9000
	A4M	SCDD	.9000
	A4M ARBS	SMOD	.9000
	A4M*	SDLM	.8870
	EA4F*	SDLM	.8500
	UA4M*	SDLM	.8950
	TA4F*	SDLM	.9000
	TA4J	SCDD	.9000
	TA4J*	SDLM	.8870
	HH3A*	SDLM	.8800
	SH3D	SMOD	.9000
	SH3D*	SDLM	.8840
	SH3G*	SDLM	.9000
	SH3H	SCDD	.9000

FY-86 NEGOTIATED AIRFRAME REWORK PERFORMANCE FACTORS

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PAGE 9

DRP	TMS	SUBPROG	FY86 PI
	SH3H	SCON	.9000
	SH3H*	SULM	.9000
	UH3A*	SULM	.8800
	VH3A	SULM	.9000
PENSACOLA			
	AVERAGE PI FY86:		.870

*ASPA ELIGIBLE

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Level of Repair Analysis (LORA) is performed at the initiation of a program to assign item repair vs. consumable (discard) decisions. As long as an item is managed as a consumable, there is no requirement to compare procurement and repair costs. For FLRs, the "I" level maintenance activity continously evaluates the economics of repair vs. new procurement and makes that decision. Since local user funds are required to repair or procure the item, there is incentive for judicious decisions.

Throw-aways are repaired only on an exception basis when there is no system stock or deliveries from procurement to satisfy an immediate requirement. At this juncture, LORA has already established that, for economical or technical reasons, it is more advantageous to discard rather than repair. Reviews are conducted to re-evaluate procure vs. repair decisions when frequent repetitive repair of a throw-away is required.

Question: How often do supply shortages cause the repair of consumable items and what costs are involved?

Admiral Hughes: By nature, consumable items do not afford an economy of repair and, therefore, are not normally reworked at Navy depots to replenish system stocks. Very limited exceptions to this policy occur to satisfy emergency fleet requirements or for unique items such as turbine vanes and blades. Since July 1984, some 4600 units of consumable (1R Cog) material has been scheduled for rework. This figure includes about 2,000 aircraft engine turbine vanes and blades. In total, this represents an average of 500-600 units per month. This number is less than one percent of the average monthly total of 62,130 consumable end-use requisitions (1R Cog) received by the Aviation Supply Office (ASO). ASO estimates that approximately $2M will be used for repair of consumable items in FY85.

Question: To what extent was the flying hour program used to develop Fiscal Year 1986 engine and component maintenance requirements?

Admiral Hughes: The October 1984 flying hour program was the basis of the FY 1986 engine and component rework requirements. Basically, unit rework requirements were developed by determining the operating hours of components and engines (from the flying hour program) and applying these hours to projected failure rates. Failure rates are determined on the basis of historical experience.

Question: How much, by type/model/series, do the October 1984 and February 1985 flying hour programs deviate? What is the dollar impact on the Fiscal Year 1986 maintenance programs?

Admiral Hughes: There are no deviations, on a type/model/series basis, between the October 1984 and February 1985 flying hour programs that would have a significant dollar impact on the FY 1986 maintenance program.

Question: If the FY 1986 flying hour program is executed lower than planned within type/model/series, will the FY 1986 engine and component repair requirements be reduced accordingly?

Admiral Hughes: Engine and component rework (Repair of Repairables) requirements will reduce commensurate with reductions in the flying hour program for those requirements that are flying hour driven. However, there are other factors unrelated to flying hours, including the Standard Depot Level Maintenance program (for engine reworks) and the introduction of new systems/equipments into the inventory (Repair of Repairables) such as ground support equipment, peculiar support equipment and maintenance trainers, which also impact total requirements. Therefore, adjustments in the flying hour program may not result in an equivalent change in engine and component requirements.

Question: What portion of the rejected engines are within the repair capability of the intermediate level? Why are engines not repaired at that level?

Admiral Hughes: Engines that fail in the field are routinely screened at the intermediate level. The FY 1984 actual percentage of engines repaired at the intermediate maintenance level was 65 percent. Those remaining engines for which the intermediate level lacks either the capability or capacity to repair are sent to the depot.

Question: What is an acceptable engine rejection rate and to what extent could fiscal year 1986 engine rework requirements be reduced if an acceptable rejection rate is achieved?

Admiral Hughes: The rejection rate of each engine community varies, depending on the aircraft type/model/series application, aircraft mission and operating environment and the age of the engine. There is no "standard" or "acceptable" rejection rate for the entire engine program.

Question: Considering that a 3-year effort has not been able to successfully control engine rejection rates for aircraft entering Standard Depot Level Maintenance (SDLM), what additional measures need to be taken to reduce the rates to acceptable levels?

Admiral Hughes: Analysis of FY 1982 through FY 1984 SDLM engine rejection rates have been completed at Naval Air Systems Command. The FY 1983 overall rejection rate of 23.3 percent was reduced to 19.6 percent during FY 1984 and a continued overall decline in the rejection rates is projected in FY 1985 and FY 1986. However, continued high rejection rates for certain aircraft/engine communities are increasing for specific reasons. For example:

a. J-79-10 A non-RFI engine is swapped for the J-79-8 arriving in the RF-4B for the aircraft conversions program. The J-79-10s are repaired concurrently with the aircraft and are shown as SDLM engine rejections.

b. J-52-P6 and J-57-P-10 are extremely old engines and require increasing repairs for metal fatique.

In February of this year a new policy was initiated for aircraft/engines communities that have not shown improved engine rejection rates. Essentially this policy would have Navy activities to do the following:

a. Identify trend discrepancies causing high rejection rate for each aircraft/engine with proposed corrective actions.

b. Identify actions planned/taken by SDLM sites in coordination with TYCOMs to control/reduce rejection rates.

Another recent initiative (March 85) is the examinataion of the engine, when an aircraft is delivered for SDLM, to the required level of repair. If the engines can be repaired at the intermediate level, the SDLM site contacts the TYCOM for repair/disposition instructions. These engines are not counted as rejections until inducted for repair by the depot. On an exception basis, engine may be inducted into the depots that could have been repaired at the intermediate level due to intermediate level capacity or capability constaints.

No estimate can be made as to the impact, if any, these actions will have on the SDLM engines rejection rates.

Question: To what extent has the stock funding of depot level repairables been considered in computing the engine depot return rate?

Admiral Hughes: The question assumes that the stock funding of aviation depot level repairables (AVDLRs) will eliminate engine component backlog and reduce the number of engines returning to the depot. However, engine component rework has been fully funded for the past two years and no impact on engine component availability or engine generations to the depot is anticipated in FY 1986 as a result of the stock funding of AVDLRs. .To the extent stock funding of AVDLRs results in procurement of components which would be in support of intermediate level maintenance, there may be a reduction in the number of engines generations to the depot for lack of parts. However, due to procurement lead times for components, the impact on the engine rework program will not be felt until FY 1988 at the earliest.

Question: Has an analysis been performed to determine the dollar impact of stock funding on the engine depot return rate? If so, what did the analysis show?

Admiral Hughes: There has been no analysis to determine the dollar impact of stock funding on engine depot return rates. We do not anticipate any impact because engine component rework has been fully funded for several years. Again, to the extent stock funding of AVDLRs results in procurement of components which would be in support of intermediate level maintenance, there may be a reduction in the number of engines generations to the depot for lack of parts. However, due to procurement lead times for components, the impact on the engine rework program will not be felt until FY 1988 at the earliest.

Question: Has the impact of stock funding and the Engine Analytical Maintenance Program (EAMP) been considered in estimating the engine induction rate?

Admiral Hughes: The impact of EAMP is reflected in the FY 1986 Congressional Budget. The primary impact of EAMP is

that an increased number of engines are reworked at the intermediate level. Requirements for FY 1985 and FY 1986 reflect the minimum number of engines anticipated to generate to the depot as a result of EAMP. Stock funding is not anticipated to have any impact on the number of depot inductions.

Question: Will intermediate maintenance staffing levels be increased so that more engine maintenance can be accomplished at this level? If not, Why?

Admiral Hughes: Ashore IMA manning is presently at 88%. This personnel shortage is predicted to worsen as we progress toward the 600 ship Navy. Redistribution initiatives are seeking to identify existing billets which could be internally transferred within activities to their engine maintenance divisions. An increase in enlisted end strength for IMA elements is programmed in FY 1987.

Question: If staffing is increased, how much sooner will the Navy be able to rework more engines at the intermediate level?

Admiral Hughes: Additional staffing in shore IMAs will certainly help to alleviate the high "overtime" posture we are now being forced into. However, there is a built in delay of 7 months detailing lead time in filling a newly established billet. Once on board, these personnel may require an additional 1 to 6 months of on-the-job training (depending on individual experience level) before reaching a level of proficiency enabling them to work on our highly complex engine inventory.

Question: Why are the negotiated work content (hours) for aircraft rework generally increasing each year? Why are the actual hours increasing?

Admiral Hughes: In years prior to FY 1984, airframe installed components were funded and reworked under the components subprogram of the Aircraft Rework Program. Beginning in FY 1984, policy directed that 1560 stock items (integral airframe structures) migrate back into the basic airframe work content and these were funded as part of the Airframe subprogram. Beginning in FY 1985, policy directed that the remainder of installed components likewise migrate and be funded under the Airframe subprogram. Additionally, the Aircraft Service Period Adjustment (ASPA) program was implemented in mid-FY84 and has resulted in only worse case material condition aircraft being inducted into the depots for rework. The average airframe work content has increased because of ASPA, and actual expended manhours for the product have increased.

Question: Where significant variances exist between Naval Aircraft Rework Facilties (NARFs) in the manhours required to rework an aircraft, personnel from the NARF using the higher hours are supposed to visit the NARF using the fewer hours to determine ways that improvements can be exported. During Fiscal Year 1984, how often did each of the NARFs use the visit technique, and what were the measurable improvement benefits derived from these visits?

Admiral Hughes: Table I below shows information exchange visits conducted by NARF personnel during FY 1984.

NARF	VISITS BY OTHER NARFS	VISITS TO OTHER NARFS
Cherry Point	16	14
Alameda	10	12
North Island	15	16
Pensacola	14	13
Jacksonville	11	12
Norfolk	13	12

The NARFs also send teams to other service and commercial depots to look for "good ideas" and opportunities for productivity and technology gains. Examples are visits related to the structuring of the F-14 Master Data Records (MDRs), rework of the F-14 main landing gear, as well as concurrent rework of the F-14 components. Since all improvements initiatives are ongoing and are accumulated into each budget process, benefits from each individual visit are not quantifiable but are reflected in the cost of the rework identified in the respective budgets.

Question: Would universal or uniform criteria for workload content reviews be better suited toward exporting productivity improvement techniques from one Naval Air Rework Facility to another?

Admiral Hughes: Yes. Initiatives now underway are expected to provide a universal criteria for packaging workload standards. Work content tasks causing a significant impact to product cost will be specifically addressed by the NARFs. Subsequent to this, the appropriate NARF will be provided the depth and scope of the work content in detail, the technical drawings, and the specification requiring the inspection/repair, along with the cost in manhours. This will assist the NARFs in the comparison of cost drivers for all airframes, especially dual-sited airframes. Furthermore, productivity initiatives will be addressed in detail for each product and be quantified as well.

Question: What are the negotiated efficiencies (known as performance work indexes) for the Standard Depot Level Rework of each type, model, series and block of aircraft?

Admiral Hughes: The data requested is attached.

FY-84 ACTUAL AIRFRAME RE-ORK PERFORMANCE FACTORS 25-MAR-198
PAGE 1

DAP	TMS	SUBPROG	FY84 PI
ALAMEDA			
	EA18*	SDLM	.7920
	EPA18*	SDLM	.7740
	KA18*	SDLM	.7440
	HA18*	SDLM	.8030
	HHA18*	SDLM	.8030
	TA18*	SDLM	.8140
	A6E 6256*	SDLM	.8360
	A6A*	SDLM	.8050
	EA6B*	SDLM	.8610
	EP1A*	SDLM	.8900
	EP1B*	SDLM	.8900
	EP1E D-ELL	S-00	.8900
	KP1E*	SDLM	.8900
	P1B*	SDLM	.8650
	P1C*	SDLM	.8700
	RP1A**	SDLM	.8900
	RP1D*	SDLM	.8900
	TP1C*	SDLM	.8900
	S1A*	SDLM	.8590
ALAMEDA			
	AVERAGE PI COMPI		.838

Attachment 1

FY-84 ACTUAL AIRFRAME REWORK PERFORMANCE FACTORS 29-MAR-1985
PAGE 2

DRP	TMS	SUBPROG	FY84 PI
CHERRY POINT			
	OV10A*	SDLM	.8310
	OV10D*	SDLM	.8100
	CH46D*	SDLM	.8930
	CH46E*	SDLM	.8370
	HH46A*	SDLM	.9100
	F4S	SMOD	.6920
	RF4B	SMOD	.6320
	AV8A	SDLM	.7420
	AV8C	SDLM	.7140
	TAV8A	SDLM	.8550
CHERRY POINT			
	AVERAGE PI COMPI		.749

FY-84 ACTUAL AIRFRAME REWORK PERFORMANCE FACTORS 29-AUG-1985
PAGE 1

DRP	TMS	SUBPROG	FY84 PI
JACKSONVILLE			
	A7B	MTRM	.9330
	A7B*	SDLM	.8800
	A7E	MTRM	.9070
	A7E*	SDLM	.9400
	EA7L	SMCO	.8260
	HA7E	SDLM	.0940
	TA7C	MTRM	.9030
	TA7C TF41	SDLM	.8260
	TA7C*	SDLM	.8340
	P3B*	SDLM	.9520
	P3C*	SDLM	.9540
	VP3A	SMCO	.7930
	E52D	SDLM	.8830
JACKSONVILLE			
	AVERAGE PI COMP:		.877

FY-84 ACTUAL AIRFRAME REWORK PERFORMANCE FACTORS 28-MAR-1985
PAGE 4

DRP	TMS	SUBPROG	FY84 PI
NORFOLK			
	F14 PRE/90	SMOD	.6870
	F14 SUB/90	SMOD	.7780
	F14P/90DIT	SMOD	.6870
	F14S/90DIT	SMOD	.7780
	A6E OLD A*	SDLM	.6670
	A6E227-285	SDLM	.6690
	EA6A*	SDLM	.6490
	EA6B*	SDLM	.7660
	EA6BDITMCO	SDLM	.7660
	KA6D*	SDLM	.6360
	KA6D227-28	SDLM	.6440
NORFOLK			
	AVERAGE PI CUMPI		.719

FY-84 ACTUAL AIRFRAME REWORK PERFORMANCE FACTORS 25-MAR-19
PAGE 5

DRP	TMS	SUBPROG	FY84 PI
NORTH ISLAND			
	CH46E*	SDLM	.8240
	HH46A*	SDLM	.8030
	E2C*	SDLM	.8060
NORTH ISLAND			
	AVERAGE PI COMP:		.808

FY-84 ACTUAL AIRFRAME RE-ORH PERFORMANCE FACTORS 25-MAR-1985
PAGE 6

DRP	TMS	SUBPROG	FY84 PI
PENSACOLA			
	T39D*	SDLM	.8790
	CH53A*	SDLM	.8350
	CH53D*	SDLM	.8240
	CH53E*	SDLM	.7460
	RH53D	SMOD	.9080
	RH53D*	SDLM	.8110
	A4E*	SDLM	.8590
	A4F*	SDLM	.8700
	A4M ARBS	SMOD	.8840
	A4M*	SDLM	.8870
	EA4F*	SDLM	.8060
	OA4M*	SDLM	.8680
	TA4F*	SDLM	.8580
	TA4J*	SDLM	.8810
	HH3A*	SDLM	.8740
	SH3D*	SDLM	.9030
	SH3G*	SDLM	.9050
	SH3H*	SDLM	.8870
	UH3A*	SDLM	.8840
	VH3A	SDLM	.8930
PENSACOLA			
	AVERAGE PI COMP:		.843

FY-84 ACTUAL AIRFRAME RE-ORK PERFORMANCE FACTORS 25-MAR-1985
PAGE 7

DRP	TMS	SUBPROG	FY84 PI
		AVERAGE PI COMP:	.794

*ASPA ELIGIBLE

DRC0:[OPS,MLS,ACFT]DTR @COMPPI84.DTR

CIVILIAN END-STRENGTH CHANGES

QUESTION: As I see it, the consensus in Congress is to disapprove the President's recommendation for a 5 percent civilian pay cut. The difficulty, of course, is trying to find the $1 billion needed to restore that pay cut. One suggestion has been to cut civilian personnel by 5 percent to free up the necessary funding and improve the efficiency and productivity of the civilian work force. Would you favor such an approach and what would be the impact of a 5 percent work force reduction?

Admiral Hughes: The FY 1986 end year estimate in our budget represents the civilian manpower level which balances the civilian work force with workload. The FY 1986 end year estimate already incorporates anticipated savings from efficiency and productivity initiatives, as well as actual savings already achieved under the OMB Circular A-76 Commercial Activities Program. Since FY 1979 the Department has converted 6,800 positions to contract of the 15,000 studied under A-76. We intend to continue studying 4,500 positions per year. Our FY 1986 level also reflects cumulative savings of 1,500 positions under the Efficiency Review Program, which applies A-76 procedures to functions which are not suitable for contractor performance.

Given the fact that our budget balances program workload and the size of our work force, and that efficiencies have already been factored into our estimates, a 5 percent reduction in our work force would be a reduction in program. It would necessarily degrade depot maintenance, supply, training, and other fleet support, as well as the acquisition of additional ships, aircraft, and weapons systems. The result would be a decline in planned levels of readiness.

OPERATIONAL TEMPO

Question: During his testimony before the full committee earlier this year, the Secretary of the Navy expressed his concern that Navy operational tempo was too high and was affecting retention of pilots and sailors in carrier battle groups. Is something being done to lower OPTEMPO and has this been reflected in the fiscal year 1986 O&M request?

Admiral Hughes: Navy efforts to lower OPTEMPO to a level that would support training and normal presence requirements have run into the reality of responding to national tasking. While expressing his concern for lower OPTEMPO, the Secretary of the Navy cited the example of the USS New Jersey that was scheduled for a 2.5 month shakedown deployment to the Western Pacific but ended in a 10.5 month deployment to the Eastern Mediterranean in support of multinational force operations. As long as the Navy is tasked to respond to contingency situations around the world, the OPTEMPO will remain higher than that required for training and readiness. The FY 1986 budget request reflects no increase in the OPTEMPO above that approved in the FY 1985 DOD Appropriation. This level of effort request provides an OPTEMPO of 50.5 days/quarter for deployed operations which continues the national tasking to have a CVBG continuously deployed in the Indian Ocean. Termination of this national tasking would allow

the Department of the Navy to reduce OPTEMPO to a level that would be consistent with training and normal presence requirements.

RECRUITING AND ADVERTISING FUNDING

Question: Admiral Hughes, in view of the success of the Navy's recent recruiting and retention efforts and the likelihood that Congress is not going to approve the Navy's entire end strength increase isn't it possible to cut the funding growth in the Recruiting and Advertising request for Fiscal Year 1986?

Admiral Hughes: A major portion of Fiscal Year 1986 Recruiting and Advertising program growth is attributable to Navy's attempts to counteract specific negative trends seen in the recruiting market. During late FY 1984, and now in FY 1985, Navy experienced a significant downturn in recruiting contract production, both in quantity and quality. Specifically, we saw unemployment rates declining, Navy specific advertising awareness falling steadily, propensity to enlist in a military service decreasing, and increasing competition in the constrained recruiting market environment. Nonprior service male new contract High School Diploma Graduate (HSDG) production fell approximately two percentage points, Upper Mental Group quality production also declining by eight percentage points, and quantity in the Delayed Entry Program (DEP) dropped by over 4000 recruits in FY 1984. In an effort to counteract these trends, Navy increased recruiter strength by 350 personnel to penetrate the high quality market, and to make up deficits experienced in the FY 1984 DEP posture. Advertising dollars were added to stem the steep decline in Navy awareness. These additions should generate increased numbers of leads for follow up by Navy recruiters.

Current recruiting conditions have changed since the FY 1986 budget was submitted. For example we were significantly under the recruiting goal for February. Thus this current recruiting climate directly affects FY 1986. When a specific end strength authorization is set and given the recruiting environment, Navy must consider several factors.

- Quantity of accessions required to meet authorized end strengths.
- Quality of accessions necessary to satisfy training requirements in what is a more technical sea-intensive, mission-critical force structure.
- Recruiting environment projections including unemployment rates, relative military compensation, advertising awareness propensity to enlist in the military service, and the available youth market.
- Delayed Entry Program posture and program corrections required.

The philosophy behind the current FY 1986 Recruiting and Advertising budget was to achieve the end strength growth requirement, correct adverse recruiting marketing trends, improve the DEP posture, and achieve the Navy's minimum quality requirements of 80 percent HSDG, 60 percent Upper Mental Group, and attainment of no more than 12 percent Mental Group IV's. The FY 1986 recruiting resource program will

achieve these objectives. Authorization of the recruiting funds request is necessary to execute this "balanced" recruiting program, which is the foundation of growing the future Navy manpower program.

READINESS REWORK BACKLOG

Question: Admiral Hughes, this year's force readiness report indicate that Navy aircraft full mission capable rates, mission capable rates, and primary mission requirement levels will continue. If this is possible with a aviation rework backlog of over $250 million, how much more can that backlog grow before it will have a negative impact on Navy aviation readiness.

Admiral Hughes: In the aggregate, we expect gains to MC and FMC to continue. Mission capable rates are most highly correlated with funding for components. As a result of the AVDLR initiative, component repair is fully funded with the exception of funding for contractor repair of components on new aircraft which are not yet supported in the Navy supply system. While a backlog is projected to exist in that area, precise requirements are difficult to project on new aircraft where there is relatively little operational experience. To the extent ROR requirements prove valid, we will suffer a degradation in MC for certain aircraft such as the F/A-18, SH-60B, AV-8B or we will have to reprogram dollars into this area.

AIRCRAFT SERVICE PERIOD ADJUSTMENT

Question: Admiral Hughes, historical data shows that 15 percent more aircraft are being deferred than was projected. What impact will this have on the fiscal year 1986 airframe workload requirements?

Admiral Hughes: The reference to 15 percent more aircraft being deferred than projected refers to FY 1984. Let me first say that we only started the Aircraft Service Period Adjustment Program in January of 1984. At that time, the FY 1985 budget had just been submitted. To the extent that the higher than projected deferral rate holds, there will be no impact on the FY-85 and FY-86 programs. This is because the 15% deferral in FY-84 will become FY-85 requirements but at the same time 15% more of the FY-85 requirement will roll into FY-86 and so on.

AIRCRAFT REWORK

Question: Admiral, why were projected rather than actual inspection results used to calculate fiscal year 1986 airframe maintenance requirements?

Admiral Hughes: Projected deferral rates were used because insufficient data exists on which to base a prediction. Actual deferral rate data is being collected on a continuous basis. When statistical analysis indicates that sufficient deferral rate data for each TYPE/ MODEL/ SERIES aircraft exists, these rates will be used as inputs to the ASPA predictor model.

Question: Why is NARF Alameda's Fiscal Year 1986 P-3C workload projected to increase approximately 10 percent over the Fiscal Year 1985 projection when the Airframe Service Period Adjustments (ASPA) results show that the P-3C has passed every ASPA inspection, Alameda officials believe that many will receive a second 12-month extension, and Fiscal Year 1985 inductions are lower than projected?

Admiral Hughes: The number of aircraft due to be ASPA inspected in any given fiscal year is determined by adding prior year deferrals to the number of aircraft with Period End Dates (PEDs) due in that fiscal year. Since FY85 is the first full ASPA year, and since fewer aircraft are assumed to pass a second ASPA inspection, it is estimated that more P-3C airframes will require reworks than in FY85.

Question: How and when are ASPA results and recent actual experience factored into the budget request prior to budget submission to the Congress?

Admiral Hughes: To date, there are insufficient sample results by Type/Model/Series available to deviate from the initial projections. When sufficient data is available the actual deferral rates will be used to develop the requirements in October 1985 which will be used for the FY 1987 Congressional Budget.

Question: In Fiscal Year 1985 the Navy requested $454.5M for airframe rework, was appropriated $452.6M and now estimates it will spend $475.8M. Why have airframe maintenance expenditures for 1985 risen when the number of airframes deferred for maintenance is greater that orginally projected?

Admiral Hughes: The FY85 increase of $23.2M is required to support $3.4M AVDLR costs to support commercial rework contracts and $19.8M for full implementation of ASPA. The FY 1985 request reflected a $35.6 million airframe rework financial backlog. The combination of a $19.8M increase in funding and a increase in the number of airframes deferred from maintenance should eliminate the FY 1985 rework backlog.

Question: What is the Navy doing to determine why Aircraft Service Period Adjustments (ASPA) inspection results vary between naval air rework facilities?

Admiral Hughes: The Navy is conducting analyses of ASPA inspection results at the naval air rework facilities. The majority of aircraft inspected are singlesited and thus cannot be compared to those of other facilities. ASPA inspections of dual-sited aircraft may be impacted by various factors. Most of the dual-sited aircraft inspected by a NARF are assigned to the nearest Type Commander and may be either newer or older tour aircraft. Other influences include fleet commitments and operating environment. The Navy will utilize the results of the analysis to standardize ASPA inspections for dual sited aircraft insofar as practical.

Question: What efforts are being made by the Navy to develop and use more objective and specific Aircraft Service Period Adjustments (ASPA) inspection criteria?

Admiral Hughes: The Local Engineering Specification (LES) that defines the ASPA inspection criteria is being continually reviewed and revised by the CFA based upon the results of ASPA inspections and SDLM. In addition, the Navy is looking into specific inspection criteria based upon the severity of the degradation and criticality of the corrosion and/or cracks to the structual integrity of the airframe. This grading system is being prototyped on the A-6 aircraft.

AIRCRAFT SERVICE PERIOD ADJUSTMENT

Question: Admiral Hughes, what consideration is being given to the adoption of a less restrictive extension policy than the current "cream of the crop" extension policy.

Admiral Hughes: During the start-up phase of any new program, there are invariably apparent aberations. ASPA has been no different. We have found occasional misinterpretation of existing guidance and sometimes second-guessing of what the intent of the program is.

ASPA is a program to assess, in a structured field inspection, the actual material condition of each airframe near the end of its operational service period (OSP). The object is to identify those that are in significantly hetter condition than that warranting depot induction for the detailed disassembly, inspection and repair that SDLM entails. Airframes which meet the ASPA criteria are proposed for a twelve-month deferral of SDLM induction and that amount of time is added to the invidiual aircraft's period end date (PED). Aircraft failing an ASPA inspection must be inducted for SDLM as soon as possible, but in no case more than 90 days beyond the PED, or he grounded.

ASPA inspections are to be conducted by a depot field team that includes, as a minimum, a qualified Planner and Estimator from a participating depot. Local Engineering Specifications (LES's) have been prepared for ASPA inspection on all recommended type/model/series (T/M/S). The LES's in many cases, use sampling techniques and subjective indicators in the assessment, thus the general requirement for the experience base of a depot performing SDLM on that type aircraft. The depth of inspection required by the LES must be constrained or ASPA becomes not cost effective. ASPA inspections are proposed to be conducted within a six-month window, immediately prior to the aircraft's PED. ASPA inspections aboard ship are not contemplated. Adjusted PEDs are proposed to be tracked through minor modifications of the current OPNAV "x-ray" reporting system.

AIRCRAFT REWORK

Question: Do extended aircraft require substantially more depot rework once they are inducted than aircraft that were not extended?

Admiral Hughes: Aircraft that have had service periods adjusted because they had met the criteria for deferral under the Aircraft Service Period Adjustment (ASPA) program have not as yet begun to migrate back into the depots. Therefore,

adequate data is not currently available to make an accurate determination in terms of work content growth on those aircraft. Since mid-FY84, however, only those worse case material condition aircraft have been inducted for SDLM. The majority of these aircraft had received numerous extensions to Operating Service Periods under the old concept of operations on a calendar month basis. Historically, these aircraft have required a marked increase in depth of rework than those inducted at the end of the established service period.

Question: Since the lack of organizational and intermediate maintenance may cause an aircraft to be inducted at naval aircraft rework facilities, what incentives are used to ensure that all organizational and intermediate maintenance is performed when needed?

Admiral Hughes: Aircraft are inducted into naval air rework facilities or designated rework points through the Aircraft Service Period Adjustment process, for major modifications or conversion, or due to crash damage. Aircraft are not inducted for depot level rework due to lack of organizational maintenance. The Naval Aviation Maintenance Program (OPNAVINST 4790.2C) dictates that maintenance will be performed at the lowest level possible within safety, economic and capability parameters, and provides the necessary guidance to perform this function at each level maintenance. Moreover, rework discrepancies that are deemed to be within organizational or intermediate maintenance level capability are not corrected at the depot level. These discrepancies are marked "noted but not corrected" and are returned for corrective fleet action. Incentives to perform necessary maintenance at the organizational and intermediate levels relate to operational readiness indicators which determine unit performance, and incentives related to individual performance.

TECHNICAL SUPPORT FOR SHIPBOARD NON-TACTICAL ADP EQUIPMENT

Question: Commodore Riendeau, on page 4 of your prepared statement, you mention technical support for shipboard non-tactical ADP equipment. What does this support involve and how money funding is requested for that purpose in the request.

Commodore Riendeau: Deployment and integration of information systems onboard ships requires technical support to transition ship operations to the new systems. This support encompasses site preparation, coordination of contractor deliveries, installation and checkout of hardware, software development and software maintenance. Technical support is divided between Naval Sea Systems Command (NAVSEA) and Navy Management Systems Support Office (NAVMASSO).

In FY 86, $13.6 million and $32.8 million is budgeted by NAVSEA and NAVMASSO, respectively, for this technical support. Specifically, NAVSEA is responsible for providing logistic and industrial support to integrate, deploy and maintain the SNAP hardware systems. NAVSEA technical support funding provides;

- o configuration management
- o maintenance training and assist visits
- o recurring ADP fees
- o depot stocks and repair of failed components
- o technical manual development

NAVMASSO is the designated Central Design Activity (CDA) for Fleet Non-tactical ADP systems in support of both Atlantic and Pacific Fleets information systems requirements. Technical support funding for non-tactical ADP systems provides the following and covers costs for personnel, travel, and contractual support.

- o Implementations
- o Assistance visits
- o Trouble report management
- o Training
- o Requirements analysis and testing
- o Software design and development (some 20 plus software applications integrated in Real-time on-line environment)
- o Quality assurance
- o Data base development and management
- o Computer operations testing

EFFICIENCY REVIEWS

Question: Commodore Riendeau:

On page 10 of your prepared statement, you mention the use of an Efficiency Review Program using Commercial Activities methods to improve the efficiency and productivity of activities not suitable for contract performance. Without a solicitation or competition from private contractors, how much confidence do you have in the validity of these Efficiency Reviews?

Commodore Riendeau: Efficiency Reviews are performed by trained management engineers from an independent organization, who work with local activity managers to rigorously develop performance work statements, performance requirement statement, and streamlined most efficient organizations following criteria which are similar to the Commercial Activities (CA) program. Experience to date where CA competition results in performance of a function by an in-house most efficient organization, indicates that significant savings can be achieved. Although the competition element is missing in Efficiency Reviews the same methodology, applied by independent management engineers is anticipated to result in savings.

BMAR GROWTH

Question: Commodore, the Navy's Backlog of Maintenance and Repair (BMAR) of real property appears to be growing at a greater rate than either the Army or the Air Force BMAR. Can you tell us why that is, and why the Navy didn't request sufficient funds in the FY-86 budget to give BMAR a decreasing trend?

Commodore Riendeau: Much of the increase in BMAR reflected in Navy budget exhibits over the past few years can be attributed

to the increased accuracy of the Annual Inspection Summary (AIS), our basic tool for calculating BMAR. By means of major initiatives in areas such as specialized facility inspection (e.g. the use of sophisticated equipment and specialized engineering teams to look at items such as runways and hanger roofs) we are identifying problems that we were unable to identify with the simple visual inspections of the past. While this has resulted in reporting a larger BMAR, it has provided a much more accurate assessment of the condition of the Navy's shore facilities.

With respect to funding, we have repeatedly stated that because of conceptual problems and the historical inaccuracy of BMAR, we do not use it as a programming or budgeting tool. We are still in the formative stages of determining a BMAR baseline based upon the improved Annual Inspection Surveys that I discussed with you. Until we can be certain of that baseline, we will be unable to accurately predict what level of funding will be required to begin to reduce BMAR.

FIVE PERCENT CIVILIAN PAY CUT

Question: Admiral, I think we all recognize that the Congress is not likely to go along with the five percent pay cut for civilian employees which is built in to the pending budget request. How much will the O&M budget go up if the pay cut is eliminated? How would you propose we make up the difference?

Admiral Hughes: Including the impact of the five percent pay cut assumed in the development of stabilized industrial fund rates, such a budget change would increase requirements in the four O&M accounts by $369.1 million. In my opinion, if the change is made and if the difference is made up out of the present funding requested for defense, there will have to be some difficult choices regarding program reductions.

MATERIAL PROFESSIONAL PROGRAM

QUESTION: Admiral, last week Secretary Lehman announced a new program that is supposed to improve the management professionalism of naval officers involved in material management. What can you tell us about the Material Professional Program and how it will effect officer billets associated with Operations and Maintenance?

Admiral Hughes: The existing billet structure will not be changed, however, certain billets will be identified as requiring an individual designated as a Material Professional. No new billets will be created.

Moreover, it is not anticipated that additional funds specifically for the Material Professional Program will be required for education and training. Education required for the Material Professional will be handled through established funding for officer education and training.

AIRCRAFT REWORK

Question: Admiral, in your statement you indicate that the Navy has achieved $200 million in cost avoidance savings in the period FY 84 to FY 86 through the Aircraft Service

Period Adjustment program. I understand that the aircraft Depot Maintenance Backlog has increased from $45.5 to $146.4 million during this same period. How do you account for this situation?

Admiral Hughes: The aircraft depot maintenance backlog in the FY 1986 Congressional submission displays backlog increasing from $29.6M to $167.7M for the five subprograms within aircraft rework (airframes, engines, components (ROR), modification installation and support services).

Depot maintenance rework requirements between FY 1984 to FY 1986 have increased due to changes in force levels, composition and flying hours utilized in developing those requirements. Components (ROR) and modification installation account for 77% of the FY 1986 backlog. The growth in components is due to new systems that require interim support prior to reaching Navy material support data. Modification installation requirements have increased due to prior year procurement of modification kits under the aircraft procurement appropriation.

The FY 1986 depot maintenance backlog would be substantially higher if the Aircraft Service Period Adjustment had not achieved savings by cost avoidance.

O&M GROWTH LEVEL

Question: Commodore Riendeau, what would be the effect on Operations and Maintenance if the account was approved at a level equalling zero percent real growth?

Commodore Riendeau: The effect would be a $130 million reduction, stratified by account as follows:

Navy	-49.4
Marine Corps	+21.3
Navy Reserve	-101.3
Marine Corps Reserve	-0.6

Reliability Centered Maintenance

QUESTION: Why didn't the Marine Corps issue Reliability Centered Maintenance (RCM) guidance prior to August 1984?

GENERAL CRIST: The Marine Corps conducted a limited pilot preventive maintenance program on communication-electronics equipment at the First Marine Division in 1979. The results of this early program led to the issuance of field guidance on 15 March 1982, for communications-electronics equipment, which allowed the Fleet Marine Force, Pacific units to reduce the workload pertaining to preventive maintenance by employing RCM concepts.

Initial RCM guidance was promulgated by Headquarters, Marine Corps on 9 March 1983 which allowed field commands to authorize variations in the preventive maintenance procedures/schedules. This action was followed by the issuance of a Technical Instruction (TI-13070-15/1) on 19 July 1983 which provided implementation and background information on the RCM program. The Marine Corps has been an active member of the Joint Service/DoD RCM steering committee since 1979. During these meetings, Marine Corps representatives assisted in the development of DoD Instruction 4151.16 (DoD Equipment Maintenance Program) and the establishment of goals/scope for RCM. Numerous meetings with other Services were held during the early 1980's to assess the status and direction

of each Services' respective RCM Program, as well as discuss RCM relating to jointly procured equipment where the Marine Corps was a user. Although RCM guidance was not formally issued until August 1984, the Marine Corps has been involved with selective RCM initiatives since 1979.

CIVILIAN END-STRENGTH CHANGES

QUESTION: Commodore, in your statement you indicate that the number of civilians has increased by 1,808 in FY 1986 compared to FY 1985. How much does that increase translate into in dollars and how does that situation square with the elimination of civilian end-strength?

Commodore Riendeau: The FY 1985 end year level reflects the Department of the Navy best estimate of civilian resources required to execute funded program and is consistent with Section 501 of the FY 1985 Defense Authorization Act, which directed that during fiscal year 1985, the civilian personnel of the Department of Defense may not be managed on the basis of any end-strength constraint or limitation.

The FY 1986 end year estimate represents the unconstrained manpower level which balances the civilian work force with workload. The net increase of 1,808 reflects workload related adjustments at industrial fund activities and increases at a number of non-industrial fund activities with a direct bearing on readiness, improved efficiency and integrity in the procurement process, and physical security.

The net FY 1986 cost of 1,808 additional civilians is $25.5 million based upon a half-year of funding at the Department of the Navy average cost for each end-strength change. Funding for the additional civilians is an integral part of the individual programs for which the civilians are required. For example, most of the civilians at Air Rework Facilities are financed from the aircraft depot maintenance program and from fleet air operations funds. To sustain aircraft operations, the fleet purchases components from the Navy Stock Fund which finances component rework accomplished at the Air Rework Facilities. The most significant programmatic changes requiring adjustments in civilian manpower include +551 for physical security, +456 to civilianize certain military billets, +637 for hardware procurement and facilities oversight, +403 for the Marine Corps, +605 for Air Rework Facilities and a reduction of -1,721 for Naval Shipyards.

The net increase of 1,808 civilian end-strength in the FY 1986 Budget represent the work force changes required to execute the aforementioned programmatic initiatives.

Prepositioned War Reserve Materiel

QUESTION: General, in your statement you indicated that some classes of prepositioned war reserve materiel are funded by the procurement account, some classes by the Marine Corps Stock Fund, and still other classes by the operation and maintenance account. How do the levels of this materiel compare for classes funded by different appropriations? How is operation and maintenance's track record versus procurement and stock fund classes of materiel?

GENERAL CRIST: The following chart depicts classes I, II, IV, V, VII, VIII, and IX levels of prepositioned war reserve materiel attainment funded by the procurement, stock fund, and operation and maintenance appropriation at the end of fiscal year 1984.

Class	Description	Procurement, Marine Corps	Marine Corps Stock Fund	Operation and Maintenance, Marine Corps
I	Rations	NA	100%	NA
II	Individual Equipment	9%	45%	83%
IV	Construction Material	NA	NA	100%
V(W)	Ground Ammunition	30%	NA	NA
VII	Principal End Items	42%	NA	NA
VIII	Medical Material	NA	NA	70%
IX	Repair Parts	74%	95%	82%

It should be noted that these percentages reflect attainment based upon dollar value rather than quantity.

Marine Corps Stock Fund and Operation and Maintenance, Marine Corps funded items are generally consumable items, with short lead times and high consumption rates, while the Procurement, Marine Corps appropriation is utilized to buy major end items of equipment, usually of low density, with long procurement and production lead times.

Comparison of the "track record" of the various appropriations is not considered appropriate and would not produce significant data due to the difference in commodities procured within each appropriation; i.e., construction material versus tanks and trucks, medical material versus rations, etc., and the variations involved in procurement lead times.

Class III is bulk petroleum, oils, and lubricants and is budgeted and procured for the Marine Corps by the Navy. Variations in attainment percentages for classes II and IX can be directly attributed to funding constraints and modernization. In the modernization process prepositioned war reserve stockage levels are attained after requirements for operating forces, reserves, and repair cycle items are procured.

MPS Squadron Personnel

QUESTION: General, in your statement you discuss the $12 million request for support of civilian contract maintenance personnel who are assigned to the maritime prepositioned ships. What happens to those folks if MPS ships are deployed in a real world context? If they don't deploy with the ships to the operational location, who takes their place in performing the necessary last minute maintenance?

GENERAL CRIST: In the event of a contingency deployment, civilian contract maintenance personnel would remain with the ships and assist in offloading equipment, in addition to performing necessary last minute maintenance. Deployment of these personnel with the respective maritime prepositioning ships squadron is required by, and identified in, the maintenance contract.

There is no scenario envisioned in which these personnel would be removed from the ships prior to an operation. In this

context, note that berthing for what is termed a "surge crew" of Marines to come aboard and help in the offload of equipment/ supplies, is available on all three maritime prepositioning ships squadrons.

Training Simulators

QUESTION: General, in your statement you discuss a number of very sophisticated sounding state-of-the-art training simulators. Maybe I've seen too many John Wayne movies but it's hard for me to understand how you simulate a Marine making an amphibious landing or just plain old fashioned rifle company combat training. Will you tell us a little more about how you are using simulators and what portion of your training is being replaced by them?

GENERAL CRIST: The Marine Corps uses simulators to enhance, not replace, traditional field maneuver and live fire training. Simulators provide a means to:

- Undertake training that would be impractical or unsafe if done with actual systems/equipment. The multiple integrated laser engagement system listed below illustrates this capability.
- Engage in concentrated practice in routine maneuvers and actions, such as take-offs and landings, provided by aircraft simulators, or tank gunnery procedures.
- Train operators quickly and efficiently on the handling and functioning of actual systems/equipment.
- Maintain proficiency despite shortage of equipment, ranges, time, or ammunition.

Examples of currently fielded ground training simulators and devices are listed below.

- Multiple Integrated Laser Engagement Systems (MILES): Allows force on force engagement training with direct fire infantry weapons by registering hits and near misses of eye-safe laser beams instead of live ammunition. This system permits training of Marines under conditions as close to combat as possible and eliminates some of the lack of realism in training caused by the fact that training targets cannot shoot back or maneuver intelligently.
- Maintenance Training Simulators: Computer-driven trainers for three formal schools, the Communication-Electronic School at Twentynine Palms, California and the Motor Transport and Engineer Schools at Camp Lejeune, North Carolina, that replicate the operation of equipment or subsystems such as radar fundamentals, tactical vehicle wiring/lighting, direct current circuits, MEPS generator and vehicle fuel, charging and cranking trainers. These allow fault insertion by instructors and teach students trouble shooting techniques that would be impossible to perform on actual equipment.
- Dragon Launch Environment Simulator (LES): A trainer which partially replicates the sound, smell, sight obscuration, and weight transfer that occurs when firing a live Dragon missile. Using the LES prepares a gunner for firing his training allocation of one live missile per year.
- Tactical Warfare Simulation Evaluation and Analysis System (TWSEAS): A computer-based command and control training system which exercises commanders and staffs from battalion through Marine Amphibious Force level in tactical decision making. TWSEAS simulates enemy and friendly ground and air combat operations within the context of the scenario selected and the tactical decisions made by the exercise participants.

Battalion Field Training Days

QUESTION: General, in your statement you indicate that Battalion Field Training Days (BFTD) have increased from 5,663 to 6,106 comparing fiscal year 1985 and fiscal year 1986. what exactly does that mean and what is a realistic goal for BFTD?

GENERAL CRIST: Estimates for Battalion Field Training Days (BFTDs) are based on three factors - historical data, planned activations of new units, and known or anticipated training and exercise schedules. The increase in the fiscal year 1986 estimate, as compared to the fiscal year 1985 estimate, can be attributed to two of these factors. In fiscal year 1986, the Marine Corps plans to activate an additional artillery battalion and an additional light armored vehicle battalion in the Fleet Marine Force, Pacific. In addition, funding in 1986 will provide for a 27 percent increase in training days for the Marine Corps' three assault amphibious vehicle (AAV) battalions and a 20 percent increase for the three combat engineer battalions. Further, it is anticipated that the number of battalion-size or larger field training exercises will increase slightly in fiscal year 1986 from the number of similar exercises planned for fiscal year 1985. The projected increase equates to an average increase of four BFTDs per battalion in fiscal year 1986.

A realistic goal is to achieve an average of 105 to 111 BFTDs per battalion per fiscal year. For fiscal year 1986, this equates to 5,775 to 6,105 BFTDs. The attainment of this goal will be, in large part, dependent upon the impact of fiscal constraints and "real-world" operational commitments.

Reliability Centered Maintenance

QUESTION: Depot officials state that Reliability Centered Maintenance cannot provide significant savings as long as the depot is required to bring equipment back to a like-new condition, including its appearance. Under requirements to rebuild equipment, the potential for Reliability Centered Maintenance benefits will be limited. What actions are planned which would relax these rebuild standards and concentrate depot work on critical systems and components?

GENERAL CRIST: The Marine Corps is currently modifying the rebuild standards to require that Reliability Center Maintenance (RCM) philosopy be considered. Existing rebuild standards will be modified as the Marine Corps gains experience through analysis of the RCM pilot programs.

Question: Admiral, Reliability Centered Maintenance (or RCM) has proven to be a very effective management technique in the ship overhaul program. As I understand it, the "phased maintenance" program has saved millions of dollars with even greater savings yet to come. What are the Navy's plans regarding the implementation of RCM at the shipboard level?

Admiral Hughes: Application of the Reliability Centered Maintenance (RCM) strategy to shipboard level maintenance is dependent upon conversion of existing Planned Maintenance Strategy (PMS), which establishes guidelines for shipboard maintenance. Conversion of the PMS is scheduled for a 10 year period beginning in FY 1987.

Unfinanced Requirements

QUESTION: If Congress chose to provide additional operation and maintenance funding to the Marine Corps, what priority unfunded requirements would you seek to address?

GENERAL CRIST: Our budget request does not contain any major funding deficiencies which will impact on readiness. If there are any weaknesses, I believe they are in maintenance of real property, personnel support equipment, and operations and training.

Funding for maintenance and repair has declined $28 million since fiscal year 1984. This reduction was a result of a deliberate decision, based on a model prediction, that the lower levels of funding would permit us to meet annual new work requirements while reducing the backlog of old work. The model was obviously wrong. Instead of the backlog of maintenance and repair (BMAR) going down to $174 million as forecast, it increased to $194 million. Unfortunately, with the maintenance of real property (MRP) funds that we have budgeted in fiscal year 1985 and fiscal year 1986, there is a high probability that this upward trend in our backlog will continue.

The provisioning of adequate personnel support equipment is an essential corollary to our program of modernizing and upgrading of barracks, bachelor officer quarters, and administrative spaces. Personnel support equipment is funded at $14.5 million in fiscal year 1986. This is a decline of $2.2 million from fiscal year 1985 and $4.7 million from the funding level in fiscal year 1983. While the funding has generally decreased, the requirements have gone up each year. We are now projecting a requirement of $44.7 million in fiscal year 1986 versus a funding level of $14.4 million. These requirements, of course, directly impinge on the quality of life for our Marines. Consequently, this is an area with which we must continue to be concerned.

Funding for administration, operations, and training for the Fleet Marine Forces has declined $3.3 million since fiscal year 1985. This decline is primarily attributable to downward price changes in the stock fund. If I discount the stock fund changes, there would be a net program increase of $6.1 million associated with additional maritime prepositioning ships exercises. Although we were able to accommodate these new exercises, we were not able to include all the additional training initiatives requested by the field. In fiscal year 1986 the total number of exercises planned is consistent with the fiscal year 1985 level. Budgeted fiscal year 1986 funding of $136 million for administration, operations, and training represents the minimum funds required to support desired participation in these exercises compared to fiscal year 1985.

Overall this is a bare bones budget. It is adequate, but it is the minimum. With a minus 1.3 percent in real growth the Operation and Maintenance, Marine Corps appropriation is essentially already frozen.

Commercial Activities Program

QUESTION: On page 42 of your prepared statement, you indicate that the Marine Corps is overcoming problems in implementing the commercial activities program. What recent improvements have you made in this regard and how many conversions to contract do you project for fiscal year 1986?

GENERAL CRIST: The Marine Corps commercial activities program fell behind schedule over the last two years due to the lack of trained personnel who were knowledgeable in the program, and problems associated with the development of in-house costing factors. These problems are being overcome. Sufficient qualified personnel are in place and the costing problems are being resolved. We are now getting the program back on track. We have doubled the number of studies initiated and completed more reviews.

It is anticipated that cost studies of 78 functions, encompassing 2,100 civilian positions and 500 military billets, will be completed in fiscal year 1986. While the number of conversions to contract will depend on the outcome of these studies, it is anticipated that the work of the 500 military billets will be converted to either contract or government civilian performance.

Activation of New Units

QUESTION: On page 40 of your prepared statement, you mention the need for operation and maintenance funding to support the activation of new units with purchases of various items of individual gear and maintenance equipment. If Congress fails to approve the entire Marine Corps end strength increase this year, what impact would that decision have upon the requirement to support the activation of new units?

GENERAL CRIST: Structure growth, equipment procurement, and systems acquisition will continue as scheduled.

The Marine Corps goal is to man the Fleet Marine Forces at 90 percent. Accordingly, the Marine Corps requested appropriate end-strength increases in fiscal years 1984 and 1985 to maintain that manning level. However, the requested increase of 3,000 for fiscal year 1984 was reduced to 2,000 by Congress. In fiscal year 1985, the requested increase of 2,900 was similarly reduced by 1,200. The result has been that the manning of the operating forces in fiscal year 1985 will be less than 90 percent.

The Marine Corps had originally planned to request an end-strength of 201,700 for fiscal year 1986 level. However, because of past congressional actions and the fiscal year 1986 constrained funding, the Marine Corps requested an increase of only 1,200. Accordingly, the forecasted Fleet Marine Force manning for 1986 will drop to 88.4 percent, considerably below the goal of 90 percent.

Chemical Protective Measures

QUESTION: On page 35 of your prepared statement, you indicate that the Marine Corps remains a long way from its goal in modernizing the Marine Corps nuclear, chemical and biological defense capability? What more needs to be done in that regard and how is this problem being addressed in the fiscal year 1986 request and current five year plan?

GENERAL CRIST: Deficiencies in nuclear, biological, and chemical supplies and equipment fall into two categories: current inventory and required capabilities.

Currently operating forces are deficient in the chemical protective overgarment. Assets on-hand represent only one-third of that required. Testing of a new suit will be complete this month with a planned delivery to the field during fiscal year 1986.

There is a complete deficiency of nerve agent antidote that will be funded during fiscal year 1985.

The fiscal year 1986 Procurement, Marine Corps budget contains funds for systems to protect light armored vehicle and amphibious assault vehicle crew members as well as embarked Marines. The British ventilated face piece for airmen is also being procured. A lightweight decontamination system is being evaluated and if it proves to be effective, would be procured next year.

Progress towards satisfying our required capabilities is dependent on successful completion of present research and development.

Improvements in collective protection to include body cooling systems are under development. Shelters to enable Marines to rest and eat in a contaminated environment have been fabricated and are under evaluation. Entrance systems for rapid ingress/egress to enable wounded to enter medical facilities are under design. An enhanced overgarment is under development which would reduce the heat stress and general performance degradation. Detectors capable of responding to nerve, blister, blood, and choking agents are being developed. Antidotes with a multi-agent capability are being developed and will be fielded as they become approved for service use.

The Army is the overall executive agent and is responsible for most research and development efforts. Specifically, the Army's efforts provide for infantry and vehicle crew protection. Marine Corps requirements are included. The Air Force has the lead in providing for fixed wing aircraft crewmen. However, the Navy provides the Marine Corps with essential equipment for aircraft survivability to include chemical protective equipment.

Real Property Maintenance

QUESTION: On pages 24 through 26 of your prepared statement you make some interesting observations about Marine Corps real property maintenance. On the one hand, you point out that it is not keeping pace with military construction funding, declines $28 million from fiscal year 1984, and that BMAR is projected to grow $3 million in fiscal year 1986. On the other hand, you express dissatisfaction with BMAR as a criteria for assessing real property maintenance requirements, and that you believe real progress has been made in upgrading Marine facilities in recent years. Can I infer from this that further reductions in real property maintenance funding could be made without measurably impairing the Marine Corps ability to adequately maintain its facilities? Also, if BMAR is not a satisfactory indicator of the adequacy of real property maintenance funding, what alternative criteria would you use?

GENERAL CRIST: The short answer is no. To be quite candid the Marine Corps did not budget sufficient funds to meet recurring demands while at the same time reducing the backlog in maintenance of real property to an acceptable level. We did not budget enough funds because we did not predict our needs accurately. We thought last year we could safely program funds to other essential operation and maintenance areas, and still continue to make reasonable progress in improving the condition of our installations. This reduction was a result of a deliberate decision, based on a model prediction, that the lower levels of funding would permit us to meet annual new work requirements while reducing our backlog of

old work. The model was obviously wrong. In fiscal year 1984 our new requirements for maintenance and repair work, as well as for minor construction projects, turned out to be significantly higher than we had anticipated. Consequently, instead of the backlog of maintenance and repair (BMAR) going down to $174 million as forecast, it increased to $194 million.

While BMAP is one indicator of the condition of our bases, its measurement is obviously inexact and must be considered with other indicators. Perhaps the best indicator of the condition of our bases is personal observation. I have seen great improvements which the BMAR levels do not reflect.

It is clear to me that the current method of displaying BMAR does not accurately portray the progress made in reducing BMAR, nor correctly predict the relationship between BMAR and the funds expended for maintenance and repair.

For example, BMAP in fiscal year 1978 was $106 million; the congressionally mandated containment level. If one takes into account both inflation and plant growth since 1978, then, at least in theory, the BMAR level would have grown from $106 million to $245 million; assuming no funds were applied against the backlog. Our reported BMAR at the end of fiscal year 1984 was, however, $194 million.

The Marine Corps is pursuing the development of a new methodology which will take into account funds expended for maintenance and repair, growth in plant value, inflation, and backlog. We also need to consider annual recurring new requirements. This would permit us to assess the effect of alternative funding strategies on future BMAR levels. The goal would be to establish dynamic backlog containment levels which would realistically relate to plant growth and inflation. We should also consider real property funding guidelines. A good example is the OSD concept which calls for at least three percent real growth, each year, in real property maintenance funding to account for increased size, age, and sophistication of our physical plant. In the interim, it is obvious, unfortunately, that with the maintenance of real property funds that we have budgeted in fiscal year 1985 and fiscal year 1986, there is a high probability that the upward trend in our backlog will continue.

Civilian Personnel

QUESTION: On page 22 of your prepared statement you speak of the important contribution made by Marine Corps civilians and the need for additional civilians to support ongoing Marine Corps programs. As you are aware, it is not likely that Congress will go along with the president's proposal to cut civilian pay by 5 percent in fiscal year 1986. The problem is where do we find the money in the budget to restore civilian pay? One option being discussed would be to reduce the size of the civilian workforce by five percent to free up those funds. What is your opinion of this proposal and what impact would it have on the Marine Corps?

GENERAL CRIST: An important, but often neglected, feature in the consideration of readiness is the significant contribution of the civilian work force to maintaining the Marine Corps as a "force-in-readiness." The Marine Corps adheres to a very stringent policy that civilian personnel be used to meet the needs of supporting activities to the maximum extent

practicable. Military and civilian manpower resources are integrated to maximize efficiency, avoid duplication, and meet mission responsibilities while maintaining minimum military strength levels.

This policy has permitted us to maintain Fleet Marine Force readiness and stability while at the same time providing the necessary level of continuity and specialized expertise in our supporting activities within a wide variety of professional, technical, and administrative functions. If we were required to reduce our civilian work force by 906, five percent, the functions would still have to be accomplished. The alternative would be to draw back military manpower from the operating forces. This seems to me to be the opposite of the direction we should wish to go. Rather we should be seeking opportunities to civilianize where possible in order to put more Marines back into the foxhole.

Increased Overseas Accompanied Tours

QUESTION: On page 21 of your prepared statement, you discuss the doubling of overseas accompanied tours since 1981. You appear to indicate that a significant limitation on the growth of this program is the availability of family housing and support facilities. What is the outlook for those improvements in Okinawa, have they been approved and underway?

GENERAL CRIST: The outlook for future family housing construction and community support facilities in Okinawa is bright. Currently, there are 204 units under construction at Camp Courtney and construction is beginning on 136 units at Camp Kinser. Through interservice agreement, the government of Japan will build approximately 225 family housing units annually, in fiscal year 1985, 1986 and 1987, for the Marine Corps. After fiscal year 1987, we expect to continue to improve our family housing by receiving approximately 70 percent of the new housing to be constructed on Okinawa. With regard to support facilities, the government of Japan is constructing two community support complexes; each consisting of a commissary, exchange, and services mall. Japan has also funded a youth center, child support center, fire and police station, medical and dental centers, and various other facilities to support our increased accompanied tours.

The Japanese are devoting considerable funds to these programs. In fiscal year 1984 this support amounted to $95 million. In fiscal year 1985, $99 million has been requested.

This Japanese Facilities Improvement Program has allowed the Marine Corps to program military construction funds for operational, rather than quality of life facilities on Okinawa. For example, in fiscal year 1985, military construction funds will provide engine and light armored vehicle maintenance shops and ammunition magazines. For fiscal year 1986, we have requested military construction funds for additional maintenance shops for aviation refueling vehicles, the M198 155mm howitzer, as well as for an AV-8B operational trainer and an aviation armament shop.

Unit Deployment Program

QUESTION: On page 20 of your prepared statement you discuss the development of the unit deployment program and its expansion

to tank and artillery units. Do you expect that those units will experience any greater difficulties than those experienced with infantry and aviation units?

GENERAL CRIST: As the Marine Corps expands the unit deployment program to include combat support units, the staffing levels for critical skills within these units are a concern.

Historically, critical skill areas in aviation units have been staffed at the highest levels to insure maintaining a high personnel readiness rating throughout a unit's development. To compensate for this higher staffing, combat support units have been staffed at lower levels in similar skill areas. As the combat support units enter the unit deployment program, the limited personnel assets in the critical skill areas, especially in the communication field, will require more precise control in the assignment process.

The goal will be to maintain uniformly high personnel readiness ratings within the critical skill military occupational specialities across all deployed units. This situation will be managed by entering combat support units into the unit deployment program in a very measured manner.

Recruiting and Advertising

QUESTION: On pages 19 and 20 of your prepared statement you discuss the Marine recruiting program and the additional funding requested in fiscal year 1986. Given that great success you have enjoyed for the past several years and the likelihood that Congress may not approve all of your active end strength increase you are requesting, isn't it possible to make a corresponding reduction in recruiting and advertising funding?

GENERAL CRIST: Marine Corps readiness has improved because the quality of Marines has steadily improved. The infusion of a greater number of educated, more intelligent Marines and the resultant decrease in disciplinary problems have allowed local field commanders to focus on the mission and needs of the total command. Last year the Marine Corps was able to meet all recruiting goals, while continuing to raise standards. Over 95 percent of all nonprior service regular male recruits were high school graduates, and over 96 percent scored in the upper three categories of the armed forces qualification test. The Marine Corps has been able to achieve these successes, in part, because of your support of the recruiting and advertising programs.

The Marine Corps continues to require high quality accessions to meet the needs of operating and maintaining more sophisticated equipment and to provide the necessary level of small unit leadership in combat. This continuing need for high quality accession combined with an improving economy and decreasing 17 to 21 year old pool, challenges us to help our recruiters in the field by prompting larger number of predisposed young people to take action and seek out a recruiter. To do this, quality sources, outside the normal high school market, such as junior, community, and vocational colleges must be developed. The quality high school market must also continue to be made aware of the Marine Corps' special programs.

In order to increase awareness at the local level and generate leads from the national level, funds are required for awareness advertising and lead generation designed to effectively reach these quality markets. The funds requested will buy

insertions into campus newspapers, billboards, on-campus wall postering, an expanded lead generation program to the quality market, and printed pamphlets to be used by local recruiters emphasizing the college/enlistment program.

It will also be necessary for the individual recruiter to develop more contacts per accession than in previous years; particularly if he is to remain competitive in the high quality market. Since the climate for acquiring high quality recruits has become less favorable, increased recruiting efforts are required. These increased efforts include the continued shifting of recruiters into the high quality suburban areas and the opening of additional recruiting offices. Since there has been no increase in the number of recruiters to accompany the dispersal of recruiting offices, the individual recruiter will need to become more mobile as he attempts to cope with a larger geographic area.

Depot Maintenance

QUESTION: On page 16 of your prepared statement you indicate that the Marine Corps is fully funding depot maintenance to conform to defense guidance requiring you to achieve and maintain a zero backlog of depot maintenance for principal end items. As all the other Services project a depot maintenance backlog in fiscal year 1986, does this guidance only apply to the Marine Corps? Also, if the other Services testify that such backlogs do not appreciably impair readiness, is not a corresponding reduction in Marine Corps depot maintenance funding possible?

GENERAL CRIST: Defense guidance states that "each Service shall program funds for depot-level maintenance, repair and renovation of weapons systems, engines, components, parts, support equipment, and ammunition in order to eliminate all backlogs, by end-fiscal year 1986, and permit no build-up of backlogs in subsequent years."

We believe that there is a direct correlation between materiel readiness and funding. Our increased materiel readiness ratings have been achieved and maintained by significantly increased funding levels. The figures tell the story. In fiscal year 1981 $132 million was budgeted for equipment maintenance. That same year materiel readiness was 86.3 percent. In fiscal year 1984, with a budget of $200 million, materiel readiness had increased to a record high of 90.7 percent. As I said at the outset, readiness for the Marine Corps is the foremost pillar of military capability. At a time, after four years of effort, when we can clearly see the effects of high materiel readiness and zero depot maintenance backlog on military capability, it would not seem prudent to reverse course back toward a time when we had to live with lower levels of combat ready equipment.

Training

QUESTION: On page 8 of your prepared statement, you indicate that the scope of Marine training exercises at Twentynine Palms has been expanded to make them more realistic. Specifically, what improvements have been made to increase realism?

GENERAL CRIST: The capability to effectively employ the Marine Corps Air-Ground Team in combat requires realistic training in the integration of all supporting arms. To this end, the Marine Corps Air-Ground Combat Center (MCAGCC), Twentynine Palms, California, was established in October 1975 with the mission of conducting air-ground combat training in order to exercise and evaluate the combined arms capabilities and readiness of all elements of Marine Air-Ground Task Forces.

A series of exercises designated "combined arms exercises" has been developed to specifically support the accomplishment of the Combat Center's mission. The standard scenario presupposes an enemy equipped with current Soviet weapons and employing Soviet doctrine. Although the sequence and circumstances vary, standard events for a combined arms exercise include: at least two command post displacements; at least three attacks on objectives requiring complete combined arms fire support; a night helicopterborne assault of company size; and development of barrier and defensive fire plans within a simulated enemy electronic warfare environment.

Approximately 10 battalion-size or larger units deploy to Twentynine Palms each year for combined arms exercises. The harshness and expansiveness of the Mojave desert provide the challenge and maneuver area to permit full integration of live ordnance into the exercise.

An expeditionary airfield capable of handling C-5 and C-141 aircraft began operating in August 1976. To increase the opportunity for joint airborne/air transportability training in conjunction with combined arms exercises, this assault landing zone was certified for operation in July 1980.

Refinement of this training program to enhance the training capability of this unique facility is continuous. The introduction of a company fire and maneuver range in 1979 expands training opportunities. Lessons learned from the combined arms exercises are regularly incorporated into the latest developments in doctrine, tactics and equipment.

In 1984, the decision was made to expand the scope of these exercises. Accordingly, in fiscal year 1985, selected exercises at Twentynine Palms will be increased to include Marine Amphibious Brigade level participation. These MAB level exercises will provide the opportunity to fully train and evaluate the fire support coordination mechanisms inherent in higher level headquarters operations. They will also more realistically reflect the manner in which Marines will be deployed to combat.

Contractor Technical Support

QUESTION: On page 17 of your prepared statement, you indicate that the fiscal year 1986 operation and maintenance request contains $5.1 million for contractor technical support and that level of support is about 80 percent of your requirements. How much funding was contained in last year's budget and what percentage of your requirements were covered by it? Also, how do you plan to meet the remaining 20 percent of your requirements in fiscal year 1986?

GENERAL CRIST: The fiscal year 1985 budget request contained $7.2 million for contractor engineering technical support (CETS). This level of funding enabled the Marine Corps to satisfy all of the fiscal year 1985 CETS requirements.

The fiscal year 1986 funding level of $5.1 million is shy approximately 168 man-months. Consequently, some nine types of communication-electronics equipment will not be fully supported with a contractor representative on location to assist in the operation and maintenance of this complex equipment until the Marines in the field achieve proficiency. To cover the gap it will be necessary to expand the geographic area that each contractor technician will be required to cover while concurrently moving them around on an as needed basis to sites that are uncovered when problems arise.

Mr. DANIEL. If there are no other questions, the committee stands adjourned to reconvene tomorrow at 2 o'clock, at which time we will hear the Air Force. And that will be in room 2216.

[Whereupon, at 4:20 p.m., the subcommittee was adjourned, to reconvene at 2 o'clock p.m., Thursday, March 21, 1985, in room 2216, Rayburn House Office Building.]

AIR FORCE READINESS AND O&M

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Thursday, March 21, 1985.

The subcommittee met pursuant to notice, at 2 p.m., in room 2216, the Honorable Dan Daniel (chairman of the subcommittee) presiding.

STATEMENT HON. DAN DANIEL, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. DANIEL. The subcommittee will be in order.

Our hearing this afternoon will combine testimony on both readiness and the operation and maintenance request for the Air Force. We are very pleased to have Generals Marquez and Worrick back with us, and to greet General Hamm. We will ask that you all sit as a panel, presenting your testimony as you wish. It may be a good idea for us to ask readiness-specific questions after Generals Hamm and Marquez finish that portion, and hold O&M questions for after General Worrick's statement.

As I mentioned to Secretary Orr and General Gabriel during the posture hearing, I am concerned that the success story that the subcommittee will hear in terms of quantum improvement in Air Force readiness will lead some to want to raid the O&M accounts this year for other purposes. We have already heard ominous trial-balloon-type statements to the effect that perhaps it is too expensive to be too ready and that maybe what we should do is settle for some national readiness floor of 85 percent, and divert some moneys thereby freed up to accelerated aquisition or other uses.

I believe that this would be a grave mistake. We have just now begun to make that patient well and I don't believe we can afford to disconnect the oxygen. To redirect our emphasis from readiness and sustainability at just the point where we are beginning to have these matters under control would be folly, and would undo 5 years of hard work.

We have been very lucky over the last several years. Each time we have come to the crunch point in the authorization cycle, we have been the beneficiary of favorable fuel costs, currency conversion rates which were in our favor, and other fortuitous events which allowed us to increase real program and stay within budget guidelines. We may not have those windfalls this year, at the very time when people are eyeing the readiness-related accounts with some marked degree of covetousness.

So, I believe our task this year will be one of protecting success, both from overt attempts to fund less than 100-percent readiness, and covert attempts to siphon moneys from readiness by migrating programs into the accounts without sufficient funds attached, by drawing down the stock funds via a variety of methods, and by increasing backlogs. In short, because the effort to enhance our readiness has been so successful, it is now up on the skyline as a tempting target.

You gentlemen tell me if I am being too cynical. But if I am not, it behooves all of us to circle the wagons around these accounts so that we don't lose the painfully acquired momentum toward real readiness.

After Mr. Whitehurst's remarks, you may proceed as you desire. We are pleased to have you with us.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, READINESS SUBCOMMITTEE

Mr. WHITEHURST. Good afternoon, gentlemen. It is good to see some familiar faces. As you are doubtlessly aware, today's hearing is part of a series of hearings by the Readiness Subcommittee regarding both the readiness of our armed services as well as a review of the operations and maintenance account for each component of DOD.

Again, as I am sure you gentlemen are aware, the members of our subcommittee have some very serious concerns about the O&M account. We are very gratified to receive your reports indicating the significant improvements in the level of readiness made in the past several years. However, we are concerned about the ability of the O&M account to continue to meet the wide variety of areas requiring support while at the same time, sustaining a high and growing higher level of readiness.

It doesn't take anything more than common sense to know that you can't continue to do more with less. Each year for the past several years I have watched an ever widening gap between our investment accounts and the O&M expense account. We simply can't continue to absorb new programs, adequately maintain increasing numbers of new weapon systems, and properly support the growing number of personnel in our forces with an O&M account which is a smaller and smaller percent of the overall defense budget.

Last week Chairman Daniel used the analogy that the demands being placed on the O&M account were sort of like trying to put 50 pounds of requirements in a 45-pound sack. I am beginning to wonder if maybe his scale doesn't need adjusting, I think it is more like 60 or 70 pounds of requirements in that 45-Sound sack.

I am not going to belabor the issue. You gentlmen know as well as we do that there are some storm clouds on the financial horizon as far as the administration's defense request is concerned. We need all the information and assistance you can provide us so that we can insure that a strong, sturdy, operations and maintenance umbrella is there to shelter and protect the programs on which readiness depends. We look forward to your testimony and your cooperation in our review of the O&M and readiness areas.

Mr. Chairman, I thank you.

Mr. DANIEL. Gentlemen, we are mighty pleased to have all three of you.

General Marquez, why don't you commence, and you have the floor, just handle it as you desire.

STATEMENT OF LT. GEN. LEO MARQUEZ, DEPUTY CHIEF OF STAFF FOR LOGISTICS AND ENGINEERING, DEPARTMENT OF THE AIR FORCE

General MARQUEZ. Thank you very much, Mr. Chairman.

Mr. Chairman, members of the committee, I am happy to appear before you once again today to discuss with you the progress the Air Force has made in the area of combat readiness. Over the last 4 years, as you indicated, we have made dramatic gains in our ability to support the operations of our combat forces. We are rebuilding our spare parts piles and increasing our inventory of munitions, and our capacity to store aviation fuel.

In addition, we are providing the Aircraft Maintenance and Modification Programs we need to keep our forces safe, efficient, and combat ready. The Air Force fiscal year 1986 budget represents a carefully balanced set of logistic programs which will continue these trends and which will allow the Air Force to continue to move toward the sustainability goals established in defense guidance.

I have prepared a written statement which summarizes our efforts and progress in this area. Now if I might, Mr. Chairman, I would like to take a few minutes to focus my remarks on one area of particular interest to this committee and that has been spare parts. For that, if I may, I would like to present a series of charts.

Mr. DANIEL. As you desire. The gentleman's complete statement will be accepted for the record without objection.

General MARQUEZ. Thank you, sir.

IMPROVEMENTS IN AIRCRAFT SPARES SUSTAINABILITY

I would like to talk today to the committee about some of the improvements we made in our acquisition programs. As you gentlemen are aware, and Mr. Chairman, certainly you are from times past, in years past, we have had a lot of dialog in this committee and others regarding the Air Force's efforts or abilities to acquire spare parts and get our fair value for our dollar spent. Along with that, I want to show you some improvement we have gained in our sustainability.

BACKGROUND

To just quickly review for the committee again, the categories of spare parts that we talked about. Of course, all of you know peacetime operating stocks are there to keep our forces trained and capable in peacetime. They build the wartime base if you will, of trained crews, and are the bedrock which then we build from that kind of flying hour activity as we divert it over to war.

Our war spare kits are assigned to the tactical squadrons that deploy or any other forces that have mobility, and they deploy forward with those units. The units which fight in place, such as the

ones deployed in Europe, or Pacific or some of the Strategic Air Command, do have a base-level sufficiency.

And finally, the third category of other war reserve materiel which is that material needed to fill the gap from the 30-day requirement until the time when the production and supply can take place.

IMPROVEMENTS IN SPARES ACQUISITION

In our spares acquisition, as you know, we have done a lot of work in this area. We started out with our competition initiatives and acquisition reforms that were initiated by the Secretary of Defense. They set the tone for all the action we have taken over the last 2 years. In addition, Mr. Orr, our Secretary, provided pricing incentives and a few other things which have had a very positive effect.

I am happy to report we have had a great deal of industry cooperation for instance in the areas of proprietary data rights, in helping us break out to our original manufacturers from the prime manufacturers, in helping us to qualify their sources of supply, and also recommending the larger quantity buys where there can be more economical procurement.

Finally of course, we have benefited quite a bit from the fact that inflation has been curbed to a great extent in the last 4 years and of course our overall economy has improved to the point we have a much wider industrial base to which we can break out the competition initiatives.

CURRENT SITUATION

The current situation of course is as follows:

The inflation rate is down. Our initiatives are working. We are very pleased to see that. I will show you some examples in a minute of some of the savings we have managed to effect by the results of these actions, not only in competition but of course in economic quantities and purchases of larger amounts. We have been able to do that quite frankly only as defense had the resources to do that. In prior years we have been well aware of the fact that we can get more at lower prices if you buy larger quantities. We did not have the resources to do that. We were in a day by day operation with the resources we had available.

EFFECT ON SPARES AVAILABILITY

We have taken great advantage of the fact that we have had those resources. As such, we are buying more for less money. These have allowed us to get within the allowable obligation authority which you have provided for us, so this year we can report to you that our POS funding is full, our WRSKL/BLSS is fully funded, we have selectively funded OWRM.

We have all the strategic airlift funded, we are working on tactical air forces. We should have that pretty well done fairly quickly. We have made significant improvements here and of course, our average procurement lead time we still are calling nominally 2 years, and the parts from funding that we received from this com-

mittee, from the Congress in 1983, are now beginning to hit our shelves. The results of that are reflected in some of the units readiness measures that we have and General Hamm will have more to say about that in a few minutes.

I would like to sound a little bit of a caution note on the 2 years. The fact that we have very, very vigorously implemented a lot of acquisition reforms and got into competition is having an adverse effect of increasing our lead times. Not only was it 2 years but our administrative lead time to go through the process of breaking out, getting a cost analysis, all these things have added some time to our acquisition lead times, roughly in the magnitude of between 60 up to 300 days, depending on the complexity of the items. Notwithstanding we are still staying with the 2 years. I think we can absorb that lead time in 2 to 3 years and be able to have that well in hand.

Fiscal year 1984 savings

[In millions]

Weapon system:	*Decrease in rqmt*
A-7	$11.5
A-10	7.1
F-15	16.4
F-16	34.6
F-111	10.0
C-5	15.1
B-52	59.7

Here are some examples. I have only four items here of each category where we have really achieved these kinds of savings. Based on the fact that the last time we bought this item was in 1979, we paid that dollar value for that as a result of breaking out more competitively we are able now to get it at this cost for a savings of that magnitude.

The wing was the same thing, and C-5 landing gear, we broke that away from the manufacturer, competed that, and we have achieved those kinds of savings.

SERVO control we broke away and went to the original manufacturer.

These are only representative, and an example of what we have achieved.

ITEM SAVINGS

[Dollars in thousands]

Weapon systems	Item	Projected cost	Actual cost	Percent change
A-10	Heads up display symbol generator	$81	$45	−44
F-111	Wing carriage	4	2	−50
C-5	Main landing gear strut assembly	443	375	−15
B-52	Servo control	192	123	−36

We have rolled some of the savings we had in fiscal year 1984 based against weapon systems. You see that these are prices that—these are savings that we achieved. What we did with the savings, we applied the savings and went ahead and acquired where we were still short on all those categories. So in effect, we fully pro-

cured in 1984 a significant amount of the dollars, the spare parts that we had in the 1985 requirement, thereby enabling us to catch up that much sooner. I estimate we gained between 6 and 9 months of time available in getting more readiness because of being able to reapply the savings in these areas.

Mr. DANIEL. Before you leave that, is this lead time resulting in higher costs for the items that you buy?

General MARQUEZ. No, sir. In fact, the exact opposite. It results from the most part in lower costs. The lead time comes around because qualifying a new source enables you to compete the original source, whereby you only had one before with another, and so in competition, that has taken a little bit longer sometimes to qualify sources and we are feeling the effects of that in our F100 engine where we have broken out a lot from the original to go to competition, but the full time involved in qualifying the new source and making sure that he can produce the item we need of the quality we want and to the technical specifications we require has added longer time.

It actually saves you money. Where it adds longer time it takes longer for you to get the job done. The effect of that is twofold. We normally have in our computation requirements and administrative lead-time segment. In other words, when we compute that we are going to need to buy this item and we also add on the time it would take to do that process, plus the production lead time, so we forecast the requirement that much farther in advance.

This adds lead time to that. Normally in the budget process you require more money then to fill the additional lead-time basis. On the one hand we buy for less. It could cost more money because you have to fund that segment of the pipeline.

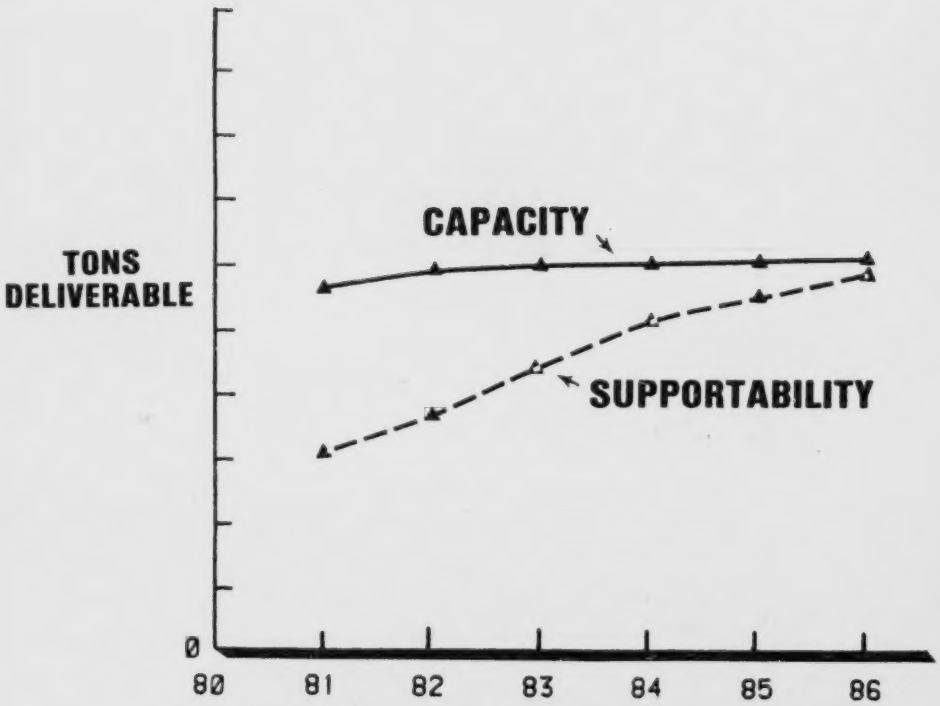
Mr. DANIEL. Static inflation, I assume is the main reason why it is not costing more?

General MARQUEZ. Yes.

Mr. DANIEL. If you had an accelerated inflation rate then you would have the other situation?

General MARQUEZ. That is exactly what we were into 2 or 3 years ago. Everything we forecast cost quite a bit more, therefore, we are getting ahead of the game a lot faster than we thought we would.

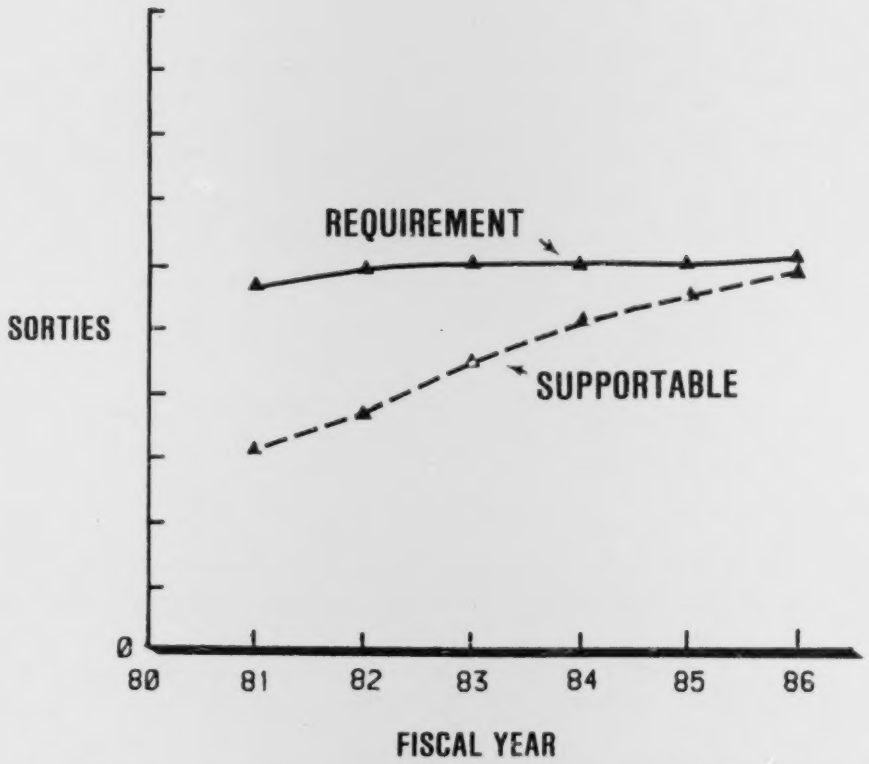
C-5 & C-141 SUSTAINABILITY BASED ON SPARES (GLOBAL WAR ORIGINATING IN NATO)



To show you an example of the improved sustainability we managed to achieve. In this particular area we are talking about strategic mobility or airlift and comparing 1981. The capacity line we see here is really nothing more than the numbers of C-5's and C-141's that we own, computed then at the flying rate that we expect to fly in wartime, which is about 10 to 15 hours per aircraft per day, and that would become your capacity line.

Because we were unable to fly those sortie rates for lack of spare parts and other support, this is the support ability we had and as you can see with the funding we have in the fiscal year 1986 budget, we will almost achieve full support ability there lead time away upon delivery. So that slope of that line is a very heartening result of the funding efforts that this committee had approved over the last 4 years.

TACTICAL FORCES SUSTAINABILITY BASED ON SPARES (GLOBAL WAR ORGINATING IN NATO)



Likewise, in the tactical force, again here we had a requirement of wartime sortie based on the most demanding scenario, which is global warfare, originating in NATO, then engaging our forces around the globe. This would be the sortie requirement that we had computed would be needed in that particular scenario, and our ability to do that in 1981 was way down here. Today we are way up here. We have an increase of approximately 76 percent in our ability to fly the sorties that we needed to fly. As you can see, we have closed the gap between requirements and supportability and all that because of the support that this committee has been so helpful in obtaining for us.

SUMMARY

Finally, to summarize. Because of those three, we have increased significantly our ability to fly. We have that much more cargo delivery capability, and, of course, we can do that much more.

Now, in the other—this is sustainability. The other question of readiness, and we have had, as you well know, there has been a lot of media attention to readiness. I would like to turn this over to, if I may, to General Hamm, who will address the readiness portion of the briefing. Then we would like to entertain whatever questions the committee may have.

PREPARED STATEMENT OF LT. GEN. LEO MARQUEZ

Mr. Chairman, members of the subcommittee: I welcome the opportunity to appear before you today to discuss the readiness and sustainability of United States Air Force forces.

Our ability to deploy and sustain our fighting forces in a prolonged conventional war has increased markedly over the last four years. Funds requested in this year's budget will continue the steady growth in our logistics capability which must be maintained to provide strong defense and credible deterrence.

We are obtaining the spares and repair parts which are needed to maintain our weapon systems at a high state of readiness and to sustain their use in a protracted war. We will provide depot level maintenance and overhaul for aircraft, engines, equipment, and components necessary to support these goals. We are improving our capability to store aviation fuel. We will modify our weapon systems to modernize them, improve their capabilities, and increase their reliability and maintainability.

We have structured a well balanced program which will assure our continued progress towards achieving our long-range goals of readiness and sustainability of USAF combat forces.

SPARES

Adequate acquisition of spares is essential to peacetime readiness and wartime sustainability. Initial spares support the initial operations of new aircraft, modifications and support equipment. Replenishment spares provide follow-on support and finance the bulk of peacetime and all of the wartime spares requirement. There are three categories of aircraft replenishment spares: Peacetime Operating Stocks (POS), War Readiness Spares Kits/Base Level Self-sufficiency Spares (WRSK/BLSS), and other War Reserve Material (OWRM). The POS spares support our peacetime training and form the baseline for our wartime readiness. WRSK/BLSS supports initial wartime operations and increases our overall readiness to deploy and fight in place. OWRM assets provide wartime sustainability until industry mobilizes and achieves production levels that meet our wartime requirements.

In the last four years the Air Force has made great strides in improving funding for spares to support the new weapon systems we have brought into the inventory, as well as replenish stocks to maintain our older weapon systems. Air Force, DOD, and legislative reforms in our spare parts acquisition process have led to substantial spares savings. As a result, we are now able to get more spares for our money. The combined effect of increased funding levels and reduced spare prices have permitted significant investments in both readiness and sustainability stocks in 1984 and 1985.

The fiscal year 1986 budget continues to emphasize improving readiness and sustainability in the logistics area. Approximately $4.9 billion has been requested for spares in this budget submission. In fiscal year 1986, the Air Force has programmed funding to fully achieve near term sustainability objectives for tactical forces. This capability will be achieved in fiscal year 1988 when spares are delivered from fiscal year 1986 procurements.

DEPOT MAINTENANCE

The Air Force Depot Maintenance program serves many customers and is highly visible because of its direct impact on force readiness. Our Air Force Logistics Command (AFLC) is responsible for the management and accomplishment of depot maintenance workloads. Work is accomplished in industrial plants, either by AFLC in its own facilities (organic); by private industry (contract); by other military services (interservice); or by specialized organic and contractor teams deployed to operational sites. Based on dollars, the total active FY 1986 Air Force depot maintenance program request of $3.7 billion is distributed as follows: 48 percent in our organic depots, 49 percent to contract services, and 3 percent to the other military services. Our high percentage of contract supported work is related to Air Force compliance with the general policy of the government and Department of Defense to rely on competitive private enterprise to accomplish depot maintenance work when

no overriding factors require in-house performance. The Air Force uses a decision tree logic process that identifies the optimum organic/contract mix needed to support our peacetime readiness needs and yet be fully capable of expanding to meet wartime surge workload requirements.

The Depot Maintenance program supports the installation of modification kits and the maintenance of weapon systems, engines, other major equipment items, exchangeable components that are beyond the capability of field level maintenance organizations, Interim Contractor Support (ICS), and Big Safari (classified programs).

Depot Maintenance is a major source of serviceable spares for peacetime operations. Spares repaired under this method cost less than 15 percent of new procurement costs for comparable items. Additionally, reduced funding would result in lower component repair rates which critically impact readiness levels, increased cannibalizations which waste manpower, and increased Not Mission Capable (NMC) rates.

STOCK FUND

The stock fund contributes to Air Force readiness and sustainability by providing consumable repair parts to maintain our weapons systems, equipment and facilities, and other consumables such as fuel, medical supplies, and rations. The FY86 budget requests funds for prepositioned War Reserve Materiel, including aviation fuel and OWRM. Requirements are also included in the FY86 budget for peacetime inventory augmentation to support increases in force structure and activity levels.

AVIATION FUEL STORAGE

Our war reserve fuel requirements continue to reflect a growth trend due to refinement in our Southwest Asia planning, higher utilization rates for Military Airlift Command aircraft, new aircraft acquisitions, and expansion of our theater planning philosophy in consonance with the Defense Guidance scenario. We are working with the Defense Logistics Agency to obtain additional storage for Air Force war reserve requirements within their wholesale terminal system. We are also a proponent of exploring new options that increase war reserve storage. At the same time, we are building additional war reserve storage on-base using host nation support, NATO infrastructure, and the U.S. military construction programs. These initiatives have significantly increased our war reserve stockage position; however, the gains have been offset by growth in war reserve fuel requirements. Our current shortfall of slightly less than one-third is projected to exist throughout the Five Year Defense Plan.

MODIFICATIONS

The modification program is designed to maintain the Air Force aircraft inventory at the most modern configuration level at the minimum cost. There is a relatively low percentage of new aircraft entering the inventory, resulting in an average aircraft age approaching 16 years by the end of FY 1986. The modification program provides for new capabilities to allow this aging inventory to counter the changing and increasing threat. It also provides for extension of service life beyond the original design goals and ensures maximum safety for the aircraft and crews.

Operational readiness is directly impacted by modifications to improve system reliability and decrease out-of-commission time. We have been able to take advantage of new technology hardware to replace systems for which spare parts and logistics support are no longer availabile and, as an added advantage in many cases, we gain improved capability. Standardization programs which have been strongly supported by this Committee and industry have provided current technology hardware which is providing the opportunity for significant improvement to some of our supportability problems without an extended development time. The F/FB-111 avionics modernization program is a notable example of adaptation of hardware developed and employed on other weapon systems to upgrade the bomb-navigation equipment of this important weapon system. Also, a very successful competition was conducted for a state-of-the-art autopilot when the safety of the C-135 and B-52 required replacement of their 1950s technology autopilots. Several hundred million dollars was saved over the previous estimates on these modifications.

We are completing the procurement of the C-130 and C-135 wing modifications in FY 1986 to protect service life for these aircraft. We are also replacing tube-type avionics and analog computer technology with modern, reliable systems. B-52 radar, RF-4C radar, F-4G inertial navigation system, and numerous common systems such

as radios, radar altimeters, and air data computers are examples of the many modifications being accomplished to solve supportability problems, improve operational readiness, and reduce out-year support costs.

Modifications on in-service weapon systems that are providing an improved capability to meet newer threats without procuring new aircraft are also underway. We are reducing our tanker shortfall with the re-engining of the KC-135 with the commercial turbofan CFM-56 engine which provides an increased range and fuel load capability. This year's budget also requests funds for internal ALCM Carriage and ACM integration for the B-52H and improved Electronic Countermeasures (ECM) equipment on several aircraft.

RELIABILITY AND MAINTAINABILITY

Reliability and Maintainability (R&M) are critical elements of effective weapon systems. The Air Force has rapidly developed and applied new technology and, as a result, pushed the performance of our systems to new plateaus of capability. However, operational effectiveness also depends on our ability to successfully support these complex systems in ever more hostile environments. This intensified threat has put a higher premium on R&M. For this reason, the Air Force is committed to accelerating the improvement of R&M across our weapon systems.

Until now, our emphasis on R&M has been focused primarily on cost-efficiency considerations. Today, however, operational necessities and logistic support considerations, such as mobility, vulnerability, and manpower limitations demand we rethink this focus and work for more rapid improvements in our weapon system R&M.

Accordingly, at the direction of the Secretary of the Air Force and the Chief of Staff, the Air Force has implemented an action plan called R&M 2000. This plan was prepared to institutionalize that commitment to improved R&M. The action plan is aimed at ensuring R&M is considered across all of our weapon systems and treated equally with cost, schedule, and performance.

To bring about these changes within the Air Force, R&M 2000 concentrates on key management objectives. These objectives are aimed at supporting the senior-level commitment to R&M, convincing industry of the necessity of this commitment and focusing our manpower and program resources on institutionalizing this commitment. As part of this process, the Air Force has R&M initiatives imbedded within many proposed RDT&E, system acquisition, and product improvement programs in its FY86 budget request.

In summary, the R&M 2000 plan has the commitment of all Air Force commanders. It will affect all our our weapon systems, involve our best people, cut across all our functions, and capture the support of our contractors. We are fully committed to the success of this plan and look forward to your mutual support as we jointly institutionalize improved reliability and maintainability throughout the Air Force.

CONCLUSION

The readiness and sustainability of our combat forces has been greatly improved—but more work remains to be done in this area. The 1986 Air Force budget presents a coherent, balanced plan to provide the levels of logistics support our forces will need to fight and prevail. Your active interest and continuing support of these efforts are essential to our success.

Mr. DANIEL. Without objection, this statement will be included in the record.

STATEMENT OF MAJ. GEN. CHARLES J. HAMM, DEPUTY CHIEF OF STAFF FOR PLANS AND OPERATIONS, DIRECTOR OF OPERATIONS, DEPARTMENT OF THE AIR FORCE

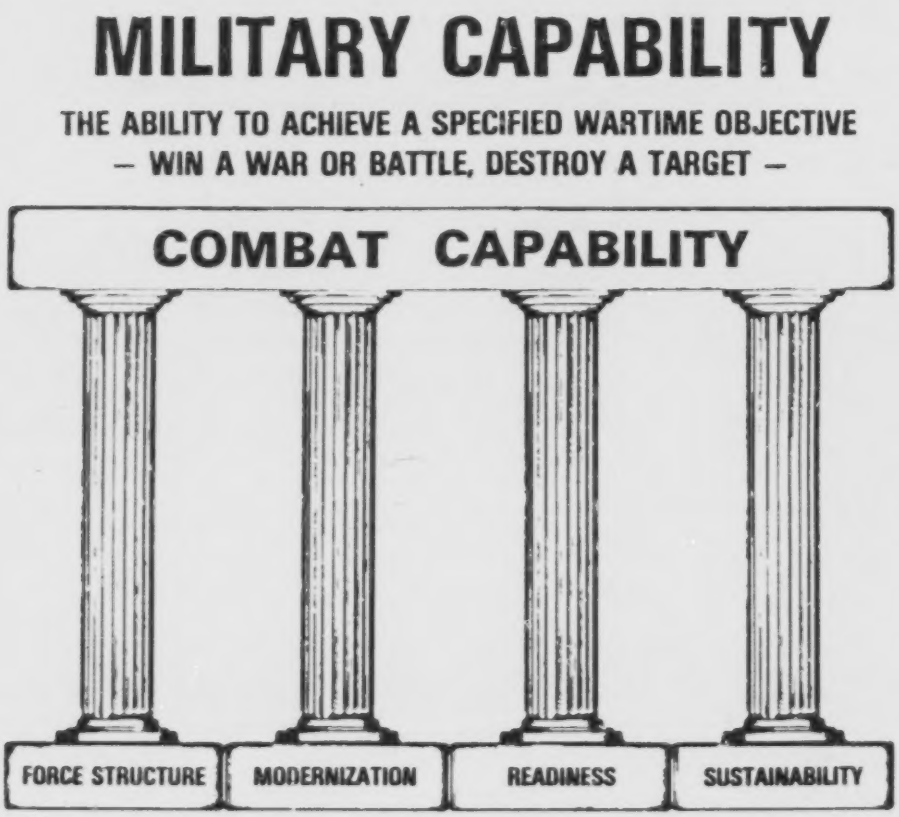
READINESS

General HAMM. This is a short briefing on my favorite subject—maybe yours—readiness. It has been a hot item the last year, as you well know.

I will pick up the trail back about a year ago when the Secretary of Defense took credit for having 39 percent more of his military units substantially ready. As Members of Congress and others, too,

many said if you look carefully you will find the Army is down 25 percent combat ready units; Air Force is down 15 percent, all this is technically accurate and I will get back to this with an explanation.

At any rate, the media found an issue. They asked a question, and the question was: Are we as ready now as we were in 1980? It is a good question. There were pretty bad answers that came up.



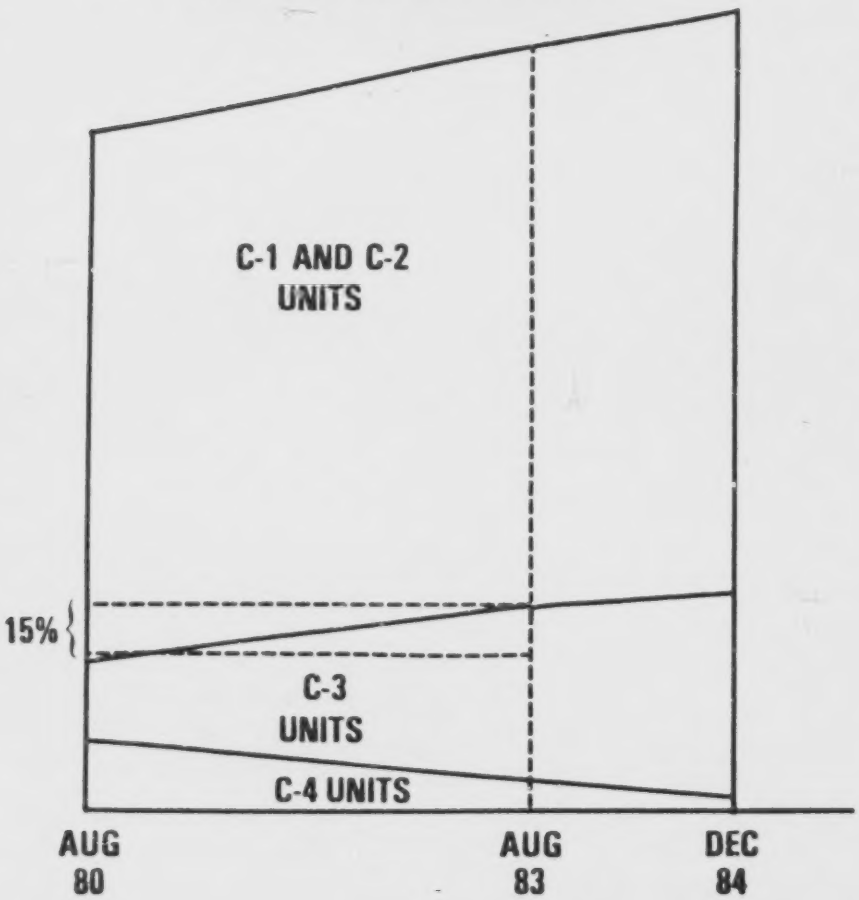
First of all, we have a semantics problem. Readiness is a good word, it is the name of your subcommittee, my title used to be Operations and Readiness, which I like.

Maybe a more encompassing word is military capability. Back in 1981, Mr. Carlucci, then Deputy Secretary of Defense, gave us this definition: military capability. Ability to achieve specific wartime objective. He said it is made up of the four pillars—force structure, modernization, readiness, and sustainability. This is readiness in a more narrow view. This is the unit that is ready to deploy and fight now. Sustainability being the capability to sustain that fighting power.

Of course, our readiness measurement system, our C status, is largely based on this column alone, with a little bit of sustainability.

C-RATINGS IN PERSPECTIVE

MAJOR COMBAT UNITS



Let me explain that 15 percent I showed you a minute ago. Indeed it was correct. If you compare August 1980 to August 1983, you fill find there was a 15-percent increase in the C–3 and C–4 units during that period of time. That is not the whole picture. The rest of the picture is that we had a great increase in total units and we had an increase in the number of C–1 and C–2 units. If you take that out to the end of last year, you will find a considerable increase in C–1 and C–2 units, leveling off of C–3 units and a drastic drop in C–4 units. Clearly an indication of a higher state of readiness using the C-status as a reflection.

Not shown is the fact we changed the criteria during that period of time. We made it tougher to be C–1 and C–2. You could look good or you can keep pressure on the system to fix problems. That is what we try to do. As an example, instead of counting all the spare parts, nuts, bolts, washers, and things that are easy to come

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up with, we said let's concentrate on the critical items, the ones that keep our airplanes down. Let's measure those, keep pressure on the system and get those parts to the frontlines. When we did that, that caused the criteria to be much tougher.

C STATUS COMPARISONS

ACFT	1979 assets versus		1984 assets versus		
	1979 criteria	1984 criteria	1979 criteria	1984 criteria	MAJCOM LIMFAC
F-4	C-1	C-3	C-1	C-2	(1)
	C-1	C-4	C-1	C-2	(1)
	C-2	C-4	C-1	C-1	(1)
	C-1	C-4	C-1	C-4	(1)
	C-2	C-4	C-1	C-1	(1)
	C-2	C-4	C-1	C-2	(1)
F-15	C-3	C-4	C-1	C-2	(1)
	C-4	C-4	C-1	C-2	(1)
	C-3	C-4	C-1	C-3	(1)
	C-2	C-4	C-1	C-3	(1)
	C-4	C-4	C-2	C-3	(1)
A-10	C-4	C-4	C-1	C-2	(1)
	C-2	C-3	C-1	C-3	(1)
	C-4	C-4	C-1	C-3	(1)
F-111	C-4	C-4	C-1	C-2	(1)
	C-4	C-4	C-3	C-3	(1)

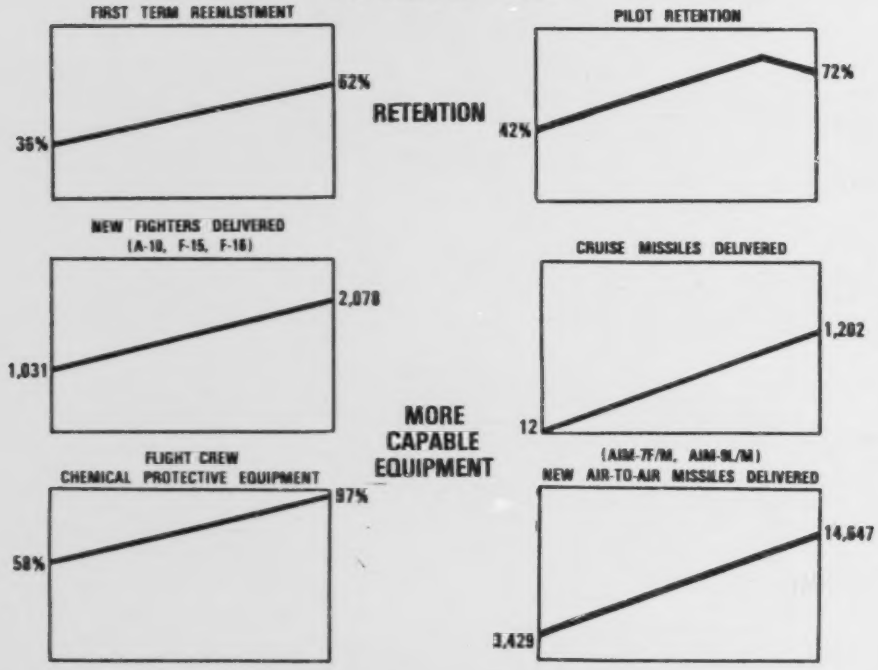
[1] WRSK

Note: Sampling of typical TAC units.

Here is an example of how you can compare those two criteria. Let's look at the left side. In 1979, here is the criteria we used then. You will see that about half of the units were C-1 and C-2. That is a pretty good showing. If we measured the same units by today's criteria, see almost all those units are C-2. That is a pretty good showing. The same units by today's criteria, you see almost all those units are C-4. By the same token, take the 1984 assets, measure them by old C-1, you look pretty good. Measure them by today's C-1 you can see we have work to be done largely in the WRSK area.

SOME GOOD THINGS WE ARE DOING

FY 1980 to 1984



There is a lot more to readiness than C status. I would like to talk about some of the positive indicators that go into making up that increased military capability that we have seen over the last 4 years.

Retention is a big one. Experienced people to work on the airplanes, to fly the airplanes, to support the combat operations. In 1980 about a third of the people were reupping after their first term. In 1984 almost two-thirds. Our pilot retenton for the 6- to 11-year period group—that is the nucleus of our fighting force—went from 42 to 72 percent. We got a downturn and we are starting to worry about that, starting to lose some pilots. Seventy-two percent is still a healthy retention.

We got new fighters, A–10, F–15, over a thousand during that 4-year period. Cruise missiles, we went from none to over 1,200 ALCM's, and ground-launched missiles.

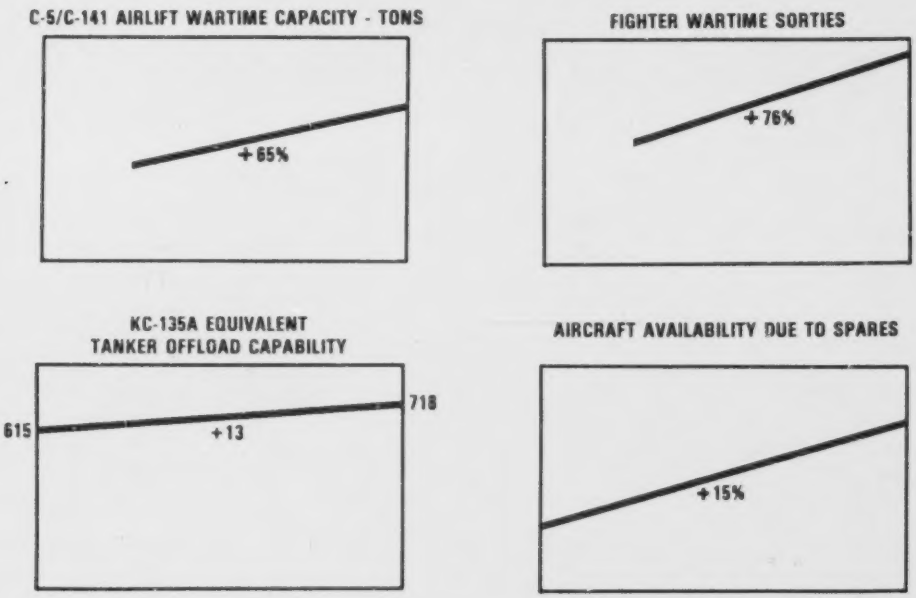
We have got more of our crews, air crews, and support crews, in defensive chemical protective gear. Ninety-seven percent by the end of 1984. By the end of 1985 we will have 100 percent of the people in defensive gear. We don't want to get faked out by that. It is not the best gear in the world. We all know we can't sustain the operation in that chemical gear.

We also delivered a great quantity—over 11,000 new air-to-air missiles—Aim-7 and Aim-9.

Some Good Things We Are Doing

Wartime Support Improvements

FY 1980 to 1984



How about our ability to get to the war? We have a 64-percent increase in airlift capability, stretching the 141 and improving our spares posture in the C-5; and as General Marquez mentioned, we increased, because of our emphasis on spares, our capability and can now fly 76 percent more fighter combat sorties. Our KC-135 tanker off load capability is up. Thirteen percent is the number that should be here because of the fact we reengined some 135's. We bought KC-10's, that is going up 12 more percent in the next year, and finally we have a 15-percent increase in aircraft available because we worked the spare parts problem.

Flying time for tactical pilots is up 22 percent, up about 11 percent for all our pilots. For tactical fighter pilots 22 percent.

Mr. WHITEHURST. What has it gone from, what to what, in 1984, how many hours a month?

General HAMM. It varies a great deal with the aircraft.

Mr. WHITEHURST. Fighter pilots, F-16's?

General HAMM. Seventeen to nineteen hours.

Mr. WHITEHURST. From 17 to 19 hours?

General HAMM. Yes, sir. We are climbing up toward looking for 21, 20 in the F-16 in the next few years.

Mr. WHITEHURST. What is the ideal?

General HAMM. I have never gotten enough.

Mr. WHITEHURST. Spoken like a real fighter pilot.

How about A-10's, what are they flying?

General HAMM. Twenty-three is what they are getting. They are kind of leveling out. That may be about a peak of what we can get. We are working slowly toward higher goals. It is one of the things that you can't change over night.

Mr. WHITEHURST. I understand.

General HAMM. You want to make sure that flying time translates to good training and that takes some work, too.

Mr. WHITEHURST. It is one of my pet subjects. I just want to see those boys in the cockpit as much as possible. I know you do too.

General HAMM. You are my kind of guy.

Mr. WHITEHURST. I really am. Put more fuel oil in the budget as far as I am concerned and fly.

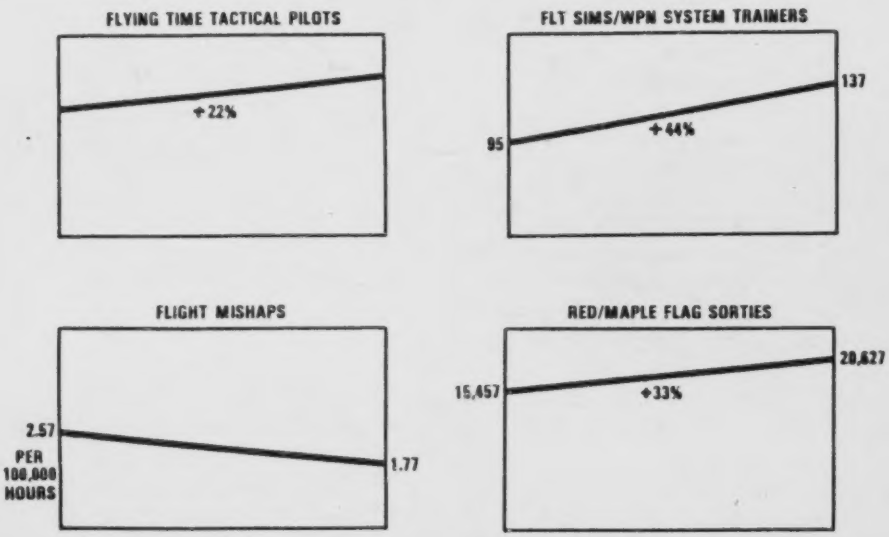
General HAMM. Thank you. We are happy to see the increase.

Mr. WHITEHURST. I am just overjoyed to see it.

Some Good Things We Are Doing

Readiness Training

FY 1980 to 1984



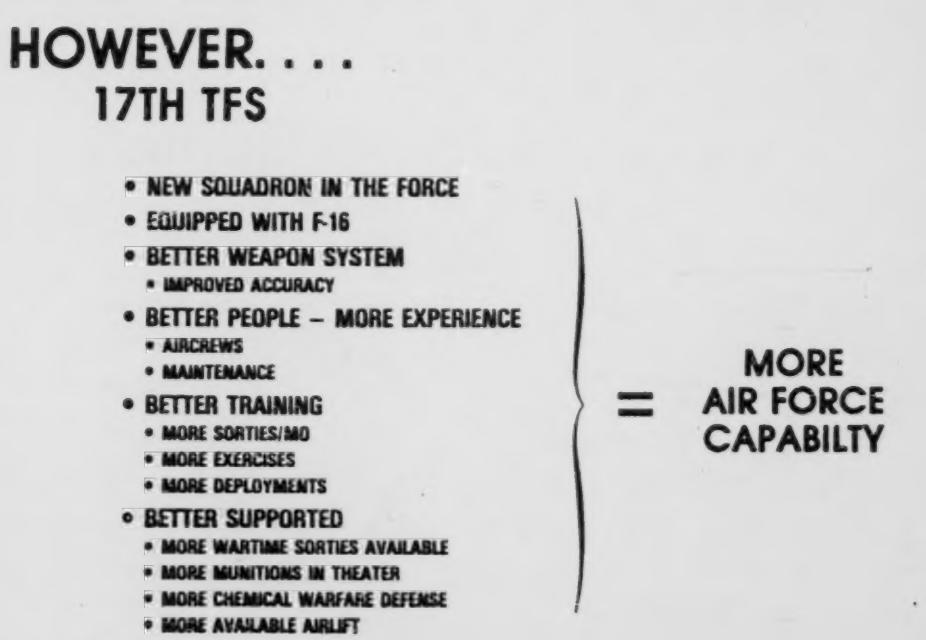
General HAMM. Speaking of flying, we are doing a better job with simulators. Forty-four percent more weapon systems trainers. That doesn't mean we are replacing flying time with simulators. We are supplementing. We are using part task trainers for pilots on the ground and then they are more effective in the air.

Red Flag and Maple Flag sorties, up considerably, 33 percent in the last 4 years.

With the more realistic training, we have driven our accidents down a lot. We are real proud of that. Down to 1.7. That is unprecedented, 1.7 accidents per 100,000 flying hours. In light of that realistic flying, that says a lot for our equipment, our support people, our pilots, our supervision. We are real proud of that.

Now, we can't please everyone. We found the critics are unrelenting. Richard Halloran in May 1984 wrote this article in the New York Times: "U.S. Forces May Lack the Resources To Carry on a War." He talked about the 17th Tac Fighter Squadron at Shaw Air Force Base, SC. He said, "By any stretch they are a hot shot outfit except if you talk to the senior Air Force leaders, they are not ready for combat. They were C-4 for spare parts."

His information was correct. He wrote about all the services. He had a lot of accurate information. He used the 17th Tac Fighter Squadron as the centerpiece.



His implication was dead wrong. His implication was we hadn't made improvements in the last 4 years. That was a brandnew squadron. That is why they were C-4. They were one of the 14 new fighter squadrons and were flying F-16's. We have got better weapon systems to do our improved avionics. Better accuracy.

If I may address a personal flying story. I am an air-to-air pilot. F-15's were my last airplane before the desk. In the last—I guess it has been 8 years since I have dropped a bomb. I went out last month and flew an F-16 and dropped my first bomb off of an F-16. It was a bull's eye. That is not my good hand, that is because we have got a great avionics system in there, a much better system, better people, more experienced.

I talked about that. We retain them, reupping, they are staying and we have got better training. I mentioned their increases in sorties and then better support. All that adds up to the fact we have more military capability.

If the question is, Do we have everything we need to do the job, the answer is clearly no.

But if the question is, Are we better than we were in 1980, clearly we are better than we were in 1980. Our combat capability is

better, it has improved. It is better because of your support and we ask your continued support to keep that improving.

That is all I have. Thank you, sir.

PREPARED STATEMENT OF MAJ. GEN. CHARLES R. HAMM

Mr. Chairman, members of the subcommittee: I welcome the opportunity to appear before you today to discuss the readiness of the United States Air Force.

Over the past four years, the United States effort to improve the capability of a well-balanced total force has resulted in a much stronger and more ready Air Force. Our Air Force is more capable today of meeting the Soviet challenge, wherever needed, because of the support from this committee and the commitment of many who labor to insure that peace and security for ourselves and our allies continue as top national priorities. The programs that have been the basis for this significant strengthening of our Air Force cover the full range of resources from people to equipment and support.

The Soviet Union has been outspending and outproducing the United States in the area of new weapon systems for the past couple of decades. The growth in Soviet force structure and improved military capability is evidenced by continued adventurism which has, for the most part, remained unchecked.

MILITARY STRATEGY

The Administration's national security policy is the basis for the military strategy by which our national military objectives can be achieved across the spectrum of conflict. Our national military strategy is developed to counter a threat which spans this globe. From our assessment of the threat and the contributions of our allies, we establish requirements for the size, quality, and composition of our military forces. The objective of United States military forces is to deter war, both conventional and nuclear. To do this, our pecetime strategy is to maintain a balance of deployed forces and sufficient CONUS based forces to provide the flexibility to respond anywhere in the world where United States vital interests are placed at risk. Should deterrence fail, we must be capable of using the necessary force to deny an enemy military victory. Key to the use of force is to limit the scope of conflict, terminate it as quickly as possible on terms favorable to the US and its friends and allies, but be prepared to sustain in a prolonged conflict if required. To execute this strategy, we must size and train our forces for necessary effectiveness and provide the requisite support to accomplish our objectives.

MILITARY CAPABILITY

The readiness of our military forces has, over the past year, been the target of much discussion, debate, and question. Because of semantics, misused measurement systems, and innuendo, a pall of uncertainty has been cast over the real and significant improvements to military capability which have occurred over the past four years. To put military capability inproper perspective, we must consider the four components of military capability: forces structure, modernization, readiness, and sustainability. To achieve deterrence or military victory on terms favorable to us, we must maintain an effective balance between the four components. The budget request that we send to you this year continues to support the necessary programs that will maintain this balance and achieve optimum military capability.

The FY 86 budget provides for growth in all areas of military capability. The benefits derived from your support of readiness over the past four years are now being manifested by improvements across the entire US Air Force. A decade of neglect is behind us and we have all learned a valuable lesson from the experience—no one component of military capability can prop up a force which is suffering from neglect in the other components.

The results of favorable and enlightened funding in the readiness accounts is achieving the desired effect. Our crews are flying more—training more effectively and safely—and our stocks are spare parts and munitions are increasing to meet the demands of peacetime training and requirements for wartime consumption.

As we now begin to realize the accrued benefits of past funding and support, we must continue to look forward and build toward a force that remains relevant to a growing threat. We must not be satisfied to have reached a plateau of parity with ourselves. We must maintain sufficient forces necessary to resolve any conflict at the lowest possible level—on our terms.

PRIORITIES

In establishing Air Force priorities, we must consider a series of external and closely related factors which, when aggregated at the national level from the basis for national security policy. These include the dynamic nature of the Soviet Bloc military expansion program—both in force structure and quality, the refinement of our fundamental roles and missions, and the changes in the defense guidance of our civilian leadership. Each of these factors directly affects our capability to deter war or, failing deterrence, deny an enemy their political and military objectives. In order to support the national military strategy as directed by our leaders and to correct deficiencies which we know exist, we have set the following priorities: Modernize and strategic nuclear forces; improve the readiness and sustainability of the general purpose forces; increase airlift capability; modernize and expand the tactical forces.

The present and planned capabilities that are discussed in the remainder of this statement are built around these priorities and our stated goal to achieve an effective balance between the components of military capability.

FORCE STRUCTURE AND MODERNIZATION

Strategic Forces

Our national Strategic Modernization Program is progressing well and much gain has been made to redress the strategic nuclear imbalance which had begun to tilt in favor of the Soviet Union. However, weapons development only translates into capability when new weapons are procured and supported. Uncertainties which have been voiced concerning the Peacekeeper missile system threaten to put at risk the gain which can be achieved in the near future to reestablish our strategic nuclear capabilities. In order to implement the comprehensive strategic nuclear modernization program, for which the Air Force is largely responsible, we must proceed with development and deployment of the Peacekeeper missile system. Continued Congressional support and forward movement on this program will send a strong signal to the USSR concerning our resolve and commitment toward establishing a nuclear force which puts teeth into deterrence. In addition to Peackeeper, the following actions in support of strategic modernization are continued in the 1986 budget and represent an anticipated spending level of less than 15 percent of the annual defense budget over the next five years.

Fielding the B-1B which is presently ahead of schedule and within budget.

Procuring air launched cruise missiles (ALCMs).

Continuing development of the advanced technology bomber.

Modification of the B-52G/H for carriage of ALCM.

Continuing research and development of the small ICBM as recommended by the Scowcroft Commission.

Upgrading of command, control, and communications systems to ensure warning of enemy attack and reliable communication with our strategic forces.

Upgrading our air defense capability by replacing F-106 interceptors with F-15s and F-16s and improving atmospheric warning, surveillance, and control systems.

Tactical forces

To improve and continue to maintain the most effective tactical air arm, the Air Force is committed to a realistic tactical modernization and expansion program. Our tactical forces must be able to move quickly to achieve air superiority and provide critical air support for our ground forces. The FY 86 budget supports a modernization program for tactical forces which will enhance our capability in these roles. This program emphasizes three key objectives:

Building the capability to attack and destroy surface targets at night and in all weather conditions.

Improving effectiveness and survivability through better sensors, avioncis, and weapons.

Developing tactical aircraft designed to meet the threat of the 1990s.

As we modernize our tactical forces, we also need to ensure an adequate force size and mix of aircraft. Our global requirements dictate an increase in the number of tactical fighter wings to an interim goal of 40 wings while concurrently maintaining the force at an acceptable aircraft age and technology level. This 40-wing force does not reach the full requirement, but represents an achieveable force mix comprised of the following aircraft: F-15, A-10, F-16, F-4, F-111, EF-111, and F-4G.

Our tactical non-strategic nuclear forces are made up of dual capable fighters and the ground launched cruise missile (GLCM). Continued deployment of the GLCM

will allow theater commanders the option to use dual capable fighters for a longer period in a conventional role.

FORCE PROJECTION

A fundamental element of US military capability is the ability to rapidly project military forces worldwide. Force projection assets include both airlift and air refueling aircraft.

Airlift

Airlift provides the response and flexibility required for immediate contingencies and the ability to sustain over the long haul. Since we do not control the time and place of combat, we have to be able to move quickly to defend our interests anywhere in the world. While significant improvements have been made in our intertheater airlift capability, it is still significantly less than what we need. The FY 86 budget includes programs which will continue to strengthen our force projection capability and reaffirms our commitment to achieving the long-term airlift goals mandated by Congress and adopted by DOD. Programs which support this effort include:

Modification of the C-5A wing which increases capacity by 18 tons per aircraft.
Acquisition of 50 C-5Bs.
Continued development and procurement of the C-17.
Enhancements/inducements to improve Civil Reserve Air Fleet (CRAF) capability.
Procurement of additional KC-10s.

Aerial refueling

Because of our global force projection requirement, we have experienced a substantially increased need for aerial refueling. Our tanker modernization program is designed to alleviate existing shortfalls in refueling capability. The reengining of the KC-135 and addition of the KC-10 combine to increase our offload capability by the end of this year by 25 percent over 1980. These programs are continued within the 1986 budget.

READINESS AND SUSTAINABILITY

While force structure and modernization provide us with the size and technical sophistication to better combat a more capable adversary, readiness and sustainability provide the essential ability to deploy, employ, and stay for the successful conclusion of combat. Readiness and sustainability are intrinsically linked. Readiness is essentially the pre-D-Day preparation to go to war, carrying into the initial support of our forces to say in combat and win. These two components of military capability quite often overlap out of necessity. Spare parts, for example, are both readiness and sustainability items. Spares must be available for the force to be able to train prior to engaging in combat. Spares also must be available for the force as it engages in combat. The major elements contributing to sustainability are people and supplies (including munitions).

People

The FY 86 end strength request reflects a growth of 1.6 percent (9,400) increase in active military manpower and a 4.0 percent (10,300) civilian increase. The purpose of this increase is to support numerous readiness initiatives and accommodate force structure expansion. Manpower increases in the following areas add significantly to our readiness: Logistics readiness and inventory management; medical war readiness; chem-bio defense expansion; command, control, and communications; aerial ports; air reserve forces; tactical force structure; training and research and development.

We must have adequate manpower, military and civilian, if we are to maintain the quality and capability of our expanding force structure at the highest possible level of readiness. Lack of support for the required manpower resources will result in operating at marginally acceptable levels of performance. Additional reductions will further stress a fully committed workforce which is already on an overtime footing. Underfunding manpower requirements will ultimately affect morale, performance, and retention of our most valuable resource.

The European troop strength ceiling continues to complicate the task of force planners and theater mission commanders in executing overall national military strategy. We solicit your support in eliminating this ceiling. In order to comply with the FY 84 ceiling, the Air Force removed two OV-10 squadrons, reduced manpower in a number of support areas, and resorted to unit undermanning. Extension of the ceiling into the outyears will require similar force reductions which will not only

affect near-term readiness but will also degrade major force programs planned and required for the European theater.

The Air Force also supports elimination of civilian end strength ceilings as a necessary improvement for force management. Air Force civilians comprise approximately 20 percent of our total work force. Civilian manpower ceilings constrain us from obtaining the appropriate mix of people to perform our missions; prohibit the most efficient use of our depot facilities; and add to overall personnel processing costs.

Once our manpower requirements have been defined and authorized, the task becomes one of recruiting and retention. The best equipment that money can buy will not provide us security without quality people on board. When a highly trained pilot resigns (and we are seeing this happen as the airlines are once again hiring) and when a seasoned crew chief hangs up his or her uniform, years of irreplaceable experience are lost. In contrast to 1970s when many of our experienced people walked out the door, we are now retaining experience and attracting high quality recruits as well. As a result, our combat capability is improving. However, in spite of these successes, the recruiting and retention environment is fragile and we are now beginning to see a slight downward trend in this area due to the impact of a stronger economy, falling unemployment rates, a declining youth population, and anticipated private sector competition for skilled people. Persistent shortages and low experience levels in certain critical skills have improved over the last four years. To continue the momentum, we must take care of our people by providing the entitlements they have earned and deserve. We must also guard against the perception that their benefits can be turned on and off with regularity. If we cannot allay this atmosphere of uncertainty, we will face serious problems in the future.

Training the Force

Without question, training is our most important readiness activity. Properly trained people, along with the right mix of equipment and proper support, produce our immediate deterrent posture and our ability to fight and win in combat. Our goal is to provide the United States with the best trained Air Force in the world. To achieve this goal, we must train as we intend to fight. We plan to continue with the most aggressive and realistic training possible.

Our commitment to realistic training is best illustrated by our extensive exercise and deployment programs. In large scale exercises, such as RED FLAG, MAPLE FLAG, and COPE THUNDER, our aircrews routinely experience the most demanding combat environment available in peacetime. During these exercises, our crews fly against simulated enemy aircraft and ground defenses. They have the opportunity to deliver live weapons on realistic simulated enemy targets. We increased the number of sorties flown in RED/MAPLE FLAGs by over 5,000 since 1980.

Our joint exercise program is another important element of operation training. Our units participate in exercises with the other Services and the forces of our allies. As a major part of the JCS exercise program, we deploy and employ forces under the joint command arrangements we would experience in wartime.

Another successful training program is total force oriented and involves deploying active duty, National Guard, and Reserve units overseas to their intended wartime operating locations. Once in place, they become familiar with their operating base as well as local weather and terrain. They gain valuable experience by working side-by-side with allied forces and participate in multi-national exercises.

Achievement of the quality training described above is contingent upon our flying hour program receiving the fullest support. This is the largest of all Air Force training programs and equates to 30 percent of the Air Force O&M budget. The FY 86 flying hour program reflects an increase of two and one-half percent above the FY 85 level. This increase supports an expanding aircraft inventory, trains replacement aircrews, and increases the readiness levels of our operational aircrews. Tactical aircrews, for example, are programmed to fly over 19 hours per month this fiscal year. This compares to an average of 17 hours in FY 83 and 13 hours in FY 78. Also addressed in the FY 86 budget are improved flight simulators and training range improvements.

The improvement of non-flying support training is also of major importance. The quality of training for our enlisted personnel increased as we stressed training in technical and critical Air Force specialties. FY 86 initiatives in this area continue to emphasize training and support programs designed to improve returns in high payoff areas such as aircraft maintenance and other specialized skills. The result of these efforts will be enhanced readiness and increased peacetime productivity of combat support and combat service support units.

CONCLUSION

In the course of this brief review, I have focused on both our current and programmed capability. This year has seen us "turn the corner" on many of the deficiencies that have been prevalent in the Air Force over the past decade. The Air Force is an eminently stronger and more capable force than it was just four years ago.

We are training our crews in more realistic and demanding scenarios, steadily increasing the flying hour program, and retaining and recruiting a highly skilled and experienced force. The current state of simulator technology allows us to maximize our aircrew training efforts. In addition, our aircraft mishap rate is significantly lower that it was in 1980. The net effect of more flying hours and more effective and demanding training is a quantitative and qualitative force improvement which more than offsets the cost.

The improved combat capability of the Air Force is directly attributed to a conscious pursuit of balanced growth among the four components of combat capability, and to the dedicated support and awareness of this subcommittee and others in the House and Senate.

Balanced defense programs provide the country with the greatest dollar leverage possible for maximizing combat capability. Significant changes or diminished resolve will skew this necessary balance and compound the problems we are striving to overcome. Your continued support is imperative.

General MARQUEZ. We can respond to questions on readiness.

Mr. DANIEL. Why don't we do that? Then we will go to General Worrick.

General Hamm, you have made a good case in your statement for the balance necessary to achieve combat readiness in the Air Force. That balance—the synchronization of the four pillars, if you will—is highly interdependent. What do you see looming as impending problems in any of the four areas, especially problems which could throw other variables out of kilter?

BALANCE NEEDED TO ACHIEVE READINESS

General HAMM. Well, Mr. Chairman, we try very hard for that delicate balance, and it is a delicate balance. Through the years I guess if we have erred it has been in the direction of cutting O&M readiness and sustainability. I think we have achieved a very good balance now, but even being a proponent for readiness and sustainability I am not ready to give up modernization and more force structure. We need more things to do the job with and we need better quality things to match the threat, and we have just got to continue to work this delicate balance as we go along.

Mr. DANIEL. You don't see anything specific that might throw it out of kilter in the foreseeable future?

General HAMM. The deficit might, I guess, Mr. Chairman.

Mr. DANIEL. If you get the funds, you don't see any problem with it? You think you can stay on course?

General HAMM. I think we have a good course. I think your assistance has got us started well. We have turned the corner I think. If we can just keep the pressure on to keep those trend lines going up—and your earlier statement about painting too rosy a picture is a real danger. I think we have to be careful about doing that and try to tell everyone we are better, but we are not nearly as good as we ought to be.

Mr. DANIEL. We certainly don't want to have to pay for inefficiency. That may be what happens in the final analysis. I hope that isn't what happens.

General Marquez, you make no mention of funding repairable items from the stock fund as the Navy is doing. Would you comment or have one of your people comment as to why the Air Force chooses to restrict the use of the stock fund consumables?

General MARQUEZ. Yes sir, we have looked at that very carefully, Mr. Chairman, and we are viewing with great interest the Navy's test that it is undergoing right now. We look at that from the beginning, frankly, as an exercise in more direct control of repairable assets which this process would give them with which we were not having a significant problem.

We have very, very good control of our assets. We know where they are, we track them very carefully. So we don't see any particular advantage to us to go to that particular process.

Notwithstanding, at the same time, we said well, we will keep an open mind to that and if we can see that the Navy experience is such that we can benefit, then we would have no reluctance to go to that. I think predominantly our concern was that we would basically have to restructure the way we do an awful lot of things today. We were rather reluctant to do that. We don't find any great deficiency in our management process for repairables. There are some advantages to that.

The primary advantage I can see, of course, is that you are not constrained by annual appropriations when you do that, and you have the ability to go ahead and order things even though the obligational authority may not be thoroughly there. So it is a balance. We opted to wait and watch the Navy experiment and if from that we are convinced that we have something to gain, we will have no reluctance to go to that.

Mr. DANIEL. Mr. Whitehurst.

Mr. WHITEHURST. Thank you, Mr. Chairman.

General Hamm, General Marquez, either one, you noted on your graph a dip in the number of pilots on retention and of course the Navy is confronted with the same problem—the airlines are hiring. I understand they are going under out there in the commercial market, but they seem to be hiring more pilots. Anyway, what are you all doing to try and hold the pilots that you have? You have bonuses in mind, what else do you have in mind?

General MARQUEZ. We have General Baker with Manpower and Personnel.

STATEMENT OF MAJ. GEN. THOMAS A. BAKER, DEPUTY CHIEF OF STAFF FOR PERSONNEL, DIRECTOR OF PERSONNEL PLANS, DEPARTMENT OF THE AIR FORCE

General BAKER. I am in a transition-fighter pilot in the personnel business. I will be happy to respond.

Mr. WHITEHURST. Go ahead.

General BAKER. We are looking at two things right now. One is next year increasing in certain target areas our incentive pay for air crews. We focus that on our 6- to 12-year people. The last time that was increased I think was 1980–81. Of course, inflation has played a little part in that since then. So that is one initiative we are taking. Additionally, as you suggested, the commercial sector is beginning to pull against our pilot resources again. That typically

comes in the strategic airlift business. The C-5, C-141 airplane driver, his skills are very translatable into the civil sector. That is where we have seen the turn.

In response to that, General Ryan, our Commander of MAC, has taken the initiative. He has a brigadier general who is heading that up, to focus on the aircrews and what they can do within the Military Airlift Command to try to turn that around or at least turn it off.

Mr. WHITEHURST. The Navy I can understand because they have long deployments.

General BAKER. Yes sir.

Mr. WHITEHURST. What is your situation?

General BAKER. We don't face the same problem as the Navy. If you look at their bonus system they focus on a very narrow part of their aircrew inventory, which is tactical aircrew on board ship, and I understand that problem, I am appreciative of trying to retain that type of individual who has to go to sea so often.

We don't have that problem in the Air Force and thus the bonus system really in our judgment doesn't fill our needs. We think if we can just continue to focus on that 6- to 12-year group that is critical to us, and keep the maximum number within those year groups in the Air Force, then we can manage it without any other incentives.

Mr. WHITEHURST. Thank you very much.

General, you indicate in your statement that the average aircraft age is approaching 16 years by the end of fiscal year 1986. If you took out the B-52 out of this calculation, do you have any idea what the average age would be then?

AIRCRAFT AGE

General MARQUEZ. No sir. Looking at arithmetic, we have approximately 300-some B-52's against a total force of 11,000. It wouldn't skew it that much. I suppose we would gain 4 to 6 months.

Mr. WHITEHURST. It isn't that much?

General MARQUEZ. No sir. They are not that much of a driver.

Mr. WHITEHURST. B-1's coming into the inventory, how many do you have in inventory?

General MARQUEZ. We have not had any delivered to our operation. B-1?

Mr. WHITEHURST. B-1B. You have none delivered?

General MARQUEZ. No, we have I think three flying now and they are still in operational testing. We will have our first delivery to Dyess Air Force Base in Texas, I believe it is June of this year, June 1. That will be a maintenance training bird. So we don't look until the last quarter of the calendar year before we have any significant, real flying activity at Dyess.

Mr. WHITEHURST. When is the first wing going to be ready, next year?

General HAMM. Initial Operational Capability [OIC] is 1986.

Mr. WHITEHURST. General Hamm, in your statement you discuss the fragile recruiting and retention impact of a strong economy—private sector competition, skill trained people—and you indicate

we must guard against the perception that military folks' benefits can be turned off and on with regularity. What is one of the best ways we can act to dispel that perception?

RECRUITING AND RETENTION

General HAMM. I think I would turn that over to the professionals again, and let General Baker earn his money.

General BAKER. Well, sir, I appreciate the question because if you look at what the military might be faced with today as he looks out and sees what is under attack in terms of his pay and compensation, it is virtually in totaled. In other words, everything we hold near and dear, from retirement pay to entitlements across the board, are under the gun, and so that obviously produces an environment that makes it a little more difficult to persuade people that they should remain in the military and make that a productive career.

So what I think my answer is, is that we have to look totally again at what we hold near and dear and insure that we don't let any of that erode to the point where we can no longer make it productive.

Mr. WHITEHURST. I thank you for saying that. The Chairman and I and Congressman Nichols are members of the Morale, Welfare and Recreation Panel, so we are very keen on this, and just parenthetically, I spend a lot of my time in the Navy district which I represent, just mopping up blood. The statement appears something like the Grace Commission statement. It gets in the Navy Times and seems to be carved in granite. Of course, it could not be further from the truth. Only this body makes that determination. No advisory commission, no reporter, and even sometimes reckless statements even made by people here.

But I think we need to have this statement on the record so we understand that. I don't want to get into a personnel discussion today, but we are going down the road towards some prospective changes in retirement—none that will affect people who are currently on active duty, that would be a betrayal of our trust. I don't know anyone in this body who would be a party to that, but I do think that down the road we have to look at it, but we also have to look at it in terms of what the impact will be upon recruitment of those very people whom it is going to impact upon.

I have some other questions I am going to leave to submit for the record if I may, and Mr. Chairman, I thank you very much.

Mr. DANIEL. Without objection.

Mr. Spence.

Mr. SPENCE. Thank you, Mr. Chairman.

Generals Hamm and Baker, from the standpoint of the flying billets you have available, do we have many more now than we had in 1980?

FLYING BILLETS

General HAMM. There is—I don't remember the exact numbers, Congressman. There has been a slight increase due to force structure, but it has been not considerable, not sizable.

Mr. SPENCE. I wonder sometimes about all the things about readiness and pilot training and so forth, according to some people in this body, you can be more ready with less numbers, if you see what I am getting at, just have the number of airplanes you have and let the pilot train a lot more and you have more spare parts, you have fewer planes.

I don't think that is right necessarily. I want to be sure we also have the readiness from the standpoint of being able to handle a situation and more airplanes and more flying billets, too. What takes a pilot off flying status? Normal things, promoted out of flying billets, or to a desk job, age, health, those kinds of things?

General HAMM. I think you covered about all of them.

Mr. SPENCE. I never ran across one yet, no matter how much more he improved from the standpoint of promotion and billets, he would just about trade it all to go back and fly airplanes.

General HAMM. I will vouch for that.

General MARQUEZ. There are three of us here.

Mr. SPENCE. That is mainly what I wanted to bring out and I appreciate that. Thank you.

Mr. DANIEL. General Marquez, what about your fuel stockage and storage?

General MARQUEZ. Yes sir.

Mr. DANIEL. Over the next 5 years?

General MARQUEZ. If I had to point to an area where I would probably have more concern than any now as far as the whole logistic functions where we really need to focus more attention that would be that particular problem, that is fuel storage and fuel availability. We have a lot of fuel storage in the States but this is not where we need it. It is in our forward areas where we do not have sufficient fuel storage or positioned in the right places. Throughout the world we are short of storage capacity at our operating bases, at our forward locations and also capacity in our terminals.

Now we have a very aggressive program to do that. As you know, the Defense Logistics Agency is the Agency responsible for taking care of procuring the fuel and of course distributing it and also storing it in the forward areas. Together with them we have an aggressive program of building tankage in various sites of the world in order to do that.

There are some other things we can do and are doing, particularly in areas such as Southwest Asia where there is no storage capacity. We are going to near term prepositioning ships and have the option of leasing full time or part time tankers which we can then preposition as floating terminals out there. That is one area where we are a little bit short, not because we have been unaware of that, but frankly because our ability to build tankage has been constrained by our military construction program.

We are going at it as fast as we can right now. I expect it will be several years before we are comfortable with that situation and I doubt that we will ever be optimumly positioned, particularly in Europe, simply because of the NATO infrastructure funding situation, our inability to forward finance. So our ability there is dependent.

The positive side of that of course, is that through the whole of Central Europe there is a lot of available jet A-1, which is commercial jet fuel, and we have arrangements with all the host nations over there to get access to the commercial stocks of jet A-1 wherever they might be available. So Europe is not a problem. I worry more about Southwest Asia. I have some worry about Korea and west Pacific because of the positioning of the storage that we do have. We have an aggressive program to fix that.

Mr. DANIEL. I would like for you to address again in a little more detail about airlift capability. We had in another committee on which I serve, we had some discussion about it this morning, and just how much have we improved our capability in airlift. As you know, give us sealift, if you know. I wouldn't expect you to know that.

AIRLIFT CAPABILITY

General MARQUEZ. I don't really know sealift, Mr. Chairman. In airlift, of course, the initiatives for airlift have been in the past few years, in the stretching of the C-141. Delivery of our new C-5B is still a year away. The first increment of those.

When you talk about the requirement, of course you know we knew what our requirements were—the congressionally mandated study has come up with a number we need to move 66 million ton-miles. We have no quarrel with it. Our ability to achieve that is going to be frankly right now limited by the numbers of aircraft that we have available for which the C-17 is the answer that we have. We would prefer to fill that particular gap.

Back to your question of how much have we improved. We have improved substantially our ability to use the airlift that is extant in the airframes that we own by the readiness and sustainability innovations or improvements that we have made over the last 4 years. Our ability to get more airlift, period, is constrained by airframes and we can't stretch the C-5 and we have already stretched the 141.

In quantitative terms, I would be glad to try to get it and get it to you in pallets carried, or ton miles availability.

Mr. DANIEL. I wish you would keep the subcommittee up to date on the last two subjects that we discussed, our fuel storage and airlift.

General MARQUEZ. Yes sir, we will be glad to.

[The following information was received for the record:]

Our delivered airlift capabilities has improved 28 percent since fiscal year 1981. Airlift capability is stated in million-ton-miles per day (MTM/D) and is a function of several variables, primarily crew ratio, force structure and cargo capacity of the force structure. Since 1981 programs to increase capability have addressed these variables: The C-5 crew ratio was increased to the full complement of four crews for each aircraft, allowing us to fly the aircraft at the desired utilization rate (UTE) of 12.5 hours per day. The sustainability of the C-5 and C-141, which allows the 12.5 hour UTE, was fully funded in FY84 and FY85 respectively. Our delivered force structure has been increased due to the KC-10 and CRAF enhancement programs. Cargo capacity has been improved for both the C-5 and C-141. The C-5A is halfway through its wing modification program which allows the C-5A to carry about 10 percent more cargo in addition to the primary goal of extending the C-5A's service life by 30,000 flying hours. The C-141 completed its stretch program in 1983, increasing each aircraft's cargo capacity by better than 30 percent. The combination of these programs have increased our intertheater airlift capability from 25.2 MTM/D in

fiscal year 1985, approximately 28 percent. Additionally, during this period we have funded the C-5B and have programmed more C-5Bs, KC-10s and CRAF enhancements. The C-17 program will round out our airlift capability and in combination with the C-5B, KC-10 and CRAF will allow us to meet our long term goal of 66 MTM/D in the late 1990s.

Mr. DANIEL. Mr. Spence, do you have any additional questions?

Mr. SPENCE. No.

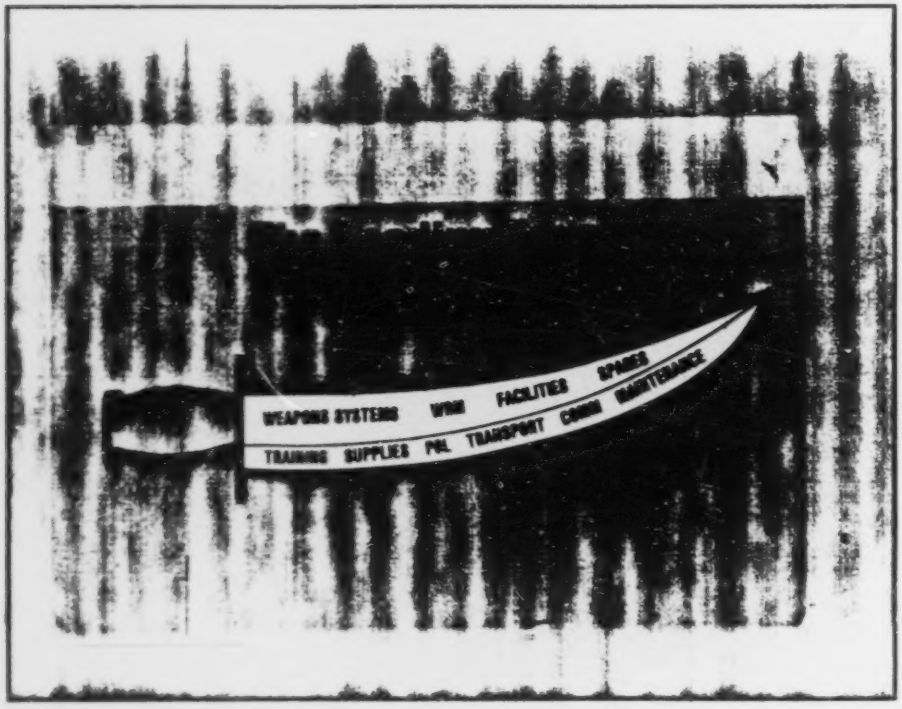
Mr. DANIEL. Does the staff have any questions?

Mr. LUNGER. Sir, I would just as soon wait until General Worrick is finished with his presentation.

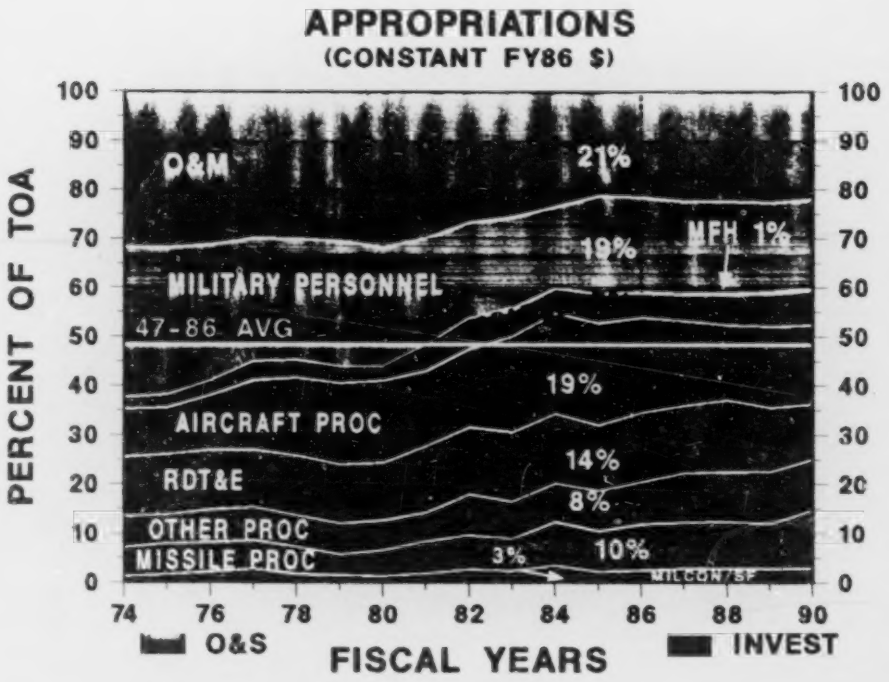
Mr. DANIEL. General Worrick.

STATEMENT OF BRIG. GEN. MARK J. WORRICK, DEPUTY DIRECTOR FOR BUDGET, OPERATIONS, DEPARTMENT OF THE AIR FORCE

General WORRICK. Thank you very much, Mr. Chairman.



Sir, picking up where General Marques and General Hamm left off, on readiness—I would like to show you a little pictorial here—you can have all the weapon systems that we have talked about, the best ones in the world. You can have all the war readiness materiel, best facilities, as many spares as you feel you need, but if you don't have training of your crews and your people, don't have the supplies and the POL to operate your machines, don't have the transportation to get them there, and communications to talk to them, and maintain capability to keep them up to date, then you are lost. That is what O&M does. O&M hones the edge. That is the way we like to think of O&M—it is readiness.



You alluded to this in your opening statement, Mr. Chairman, about the amount of O&M becoming less and less. I would like to clarify that somewhat.

TOA REAL GROWTH

[Dollars in billions]

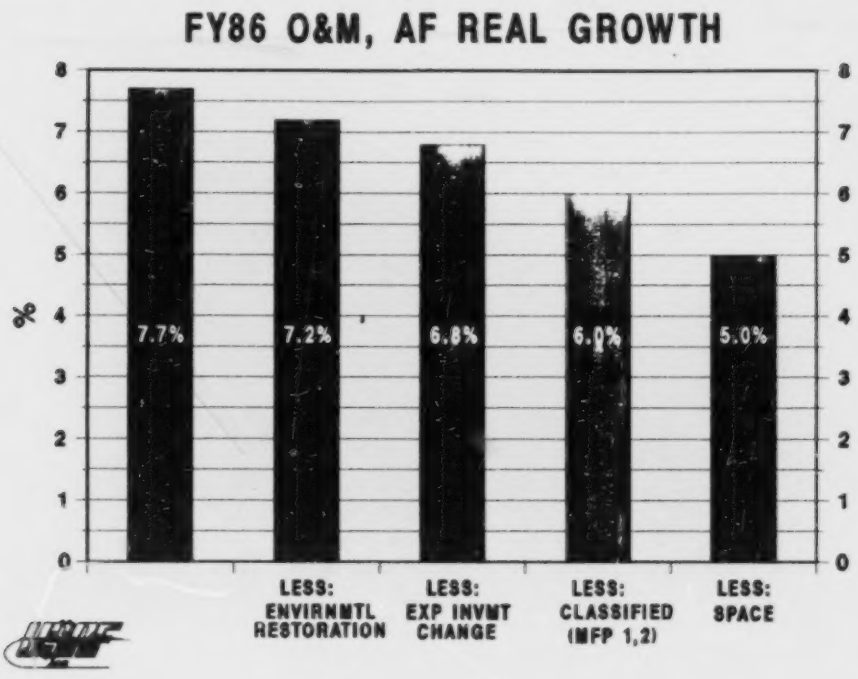
Appropriation	Fiscal year 1985	Delta	Fiscal year 1986	Percent real growth
Aircraft procurement	$26.1	$−.0	$26.1	−5
Missile procurement	8.4	+2.5	10.9	+23
Other procurement	8.8	+0.7	9.5	+3
Operation and maintenance	21.9	+1.8	23.7	+7
Military personnel	19.6	+1.2	20.8	+1
RDT&E	13.5	+2.1	15.6	+11
Military construction	1.8	+.5	2.3	+25
Family housing	.9	.0	.9	+1
Stock fund	.5	0	.5	−19
Total	101.5	+8.8	110.3	+5

Investment/O&S = 59/41

Although the total percent of the budget is lower, we have a real fine tuned balance, as we have indicated earlier, where we feel that the amount of money in here for 1986 will support the forces that are fielded in 1986, at the levels of readiness that we feel they should be.

Now, of course, if the construction or the investment comes down, this percentage of course will rise, but we do feel especially

that the air staff through their FYDP processes—as General Marques mentioned—goes through a painful process to make sure this balance exists. We are not saying that is not enough. we are saying though that it is a delicate balance. If you do take something out of here it will unbalance the programs we have in the budget.



Now, when you look at our justification book, sir, you will see that the O&M Air Force budget has a 7.7-percent increase. Compare that to the Navy, of which it is lower. I think I heard someone comment earlier about the Navy. I guess it was Mr. West, Dr. West, said that the Navy has a less than 1 percent real growth.

Dr. WEST. Point two.

General WORRICK. The Army has 2 percent or 4 percent growth. Maybe you think the Air Force has too much real growth this year. I would submit possibly the Navy and the Army had too much money in 1985.

Mr. DANIEL. Dr. West, do you want equal time?

Dr. WEST. No sir.

General WORRICK. To put it in perspective, the overall Air Force budget has an increase of 5 percent. If we take out the nontraditional items of the O&M budget like the environmental restoration fund, as you recall it was funded by Department of Defense last year, it was not in the Services' accounts; if you take out the new, expense-investment criteria change, which is a policy change being promulgated this year in the budget and hasn't been approved by your committee yet, if you take that out—you are familiar with that, sir, that is where the $3,000 item of equipment would now——

Mr. DANIEL. Yes sir.

General WORRICK [continuing]. Would be paid for by O&M. If you take out the classified programs increase, which is growing this year, and the big item, which is definitely not traditional in the O&M sense, of Space, you get us down to about 5 percent real growth. I wanted to put that in perspective.

So the traditional O&M programs are really growing at a rate of about 5 percent.

Mr. DANIEL. Then that migration then distorts the percentage, is that what you are saying to us?

General WORRICK. Yes sir. If you were to take all those nontraditional types of things out of there, you would not end up with a 7.7-percent growth that you had——

TOTAL AIR FORCE O&M

[In millions of dollars]

	Fiscal year 1985	Infl	PGM growth	Fiscal year 1986
O&M, AF	19,213	230	1,481	20,924
O&M, AFR	881	+29	−2	908
O&M, ANG	1,829	−36	+37	1,830
Total O&M	21,923	223	1,516	23,662

Mr. DANIEL. OK.

General WORRICK. Here is the overall O&M accounts for Guard, Reserve and O&M. I believe you had a separate hearing for Guard and Reserve. I will talk briefly to the $1.5 billion increase in the O&M accounts for Air Force.

MFP SUMMARY

[In millions of dollars]

O&M, AF	Fiscal year 1985	Infl	PGM growth	Fiscal year 1986
Strategic forces	3,195	−67	275	3,403
Gen pur forces	4,034	−169	447	4,312
Intell/comm	2,118	61	265	2,444
Airlift	1,275	−67	−37	1,171
Central supply and maintenance	5,965	490	378	6,833
TNG, med and other pers activities	2,052	−19	125	2,158
Admin and assoc activities	566	1	29	596
Support of other naticns	8	0	−1	7
Total	19,213	230	1,481	20,924

In the strategic forces, we have already mentioned about the additional B–1 coming into the inventory. That is part of this real growth. We are improving the DEW line, increasing supplies for DEW line, and we have an increase in the Strategic Command and Control Communications System—C3 systems.

In the General Purpose Forces, about 125 of that is for classified items. We have a new fielding of the F–16 and F–15 coming in. That is the primary increases there, plus the sustaining engineering for those new systems.

In the Intel and Telcom world, this is where we record most of that space growth we talked about. Roughly $200 million of that is space programs alone.

Airlift, you will notice a decrease. The decrease is for the C-5A allowable cabin load. As the C-5A wings are modified, those aircraft can carry more revenue-producing cargo and require less direct O&M funding. The final C-5A wing modification will be completed in early fiscal year 1987.

In the central supply and maintenance, in this one there is about $80 million in there for depot purchased equipment maintenance, DPEM, for the aircraft repair and there is $96 million in there for the environmental restoration fund, which we are going to talk about later—I believe you are interested in that one—and there is an increase for the spare parts management that we have spoken of earlier.

Training and medical, the big increases here are for facility upgrade and for the medical improvements. The cost of medical bills has really risen.

In the administration areas, most of that is postal rate increase and a few other items.

O&M, AF FLYING HOURS

[F/HS in thousands]

	Fiscal year—			Change fiscal year 1986–88
	1984	1985	1986	
F/H	2,322	2,358	2,436	+78
TAF F/H (Pilot/mnth)	19.1	19.1	19.4	+.3

MAJOR F/H CHANGES

+51-Tactical forces.
+10-Pilot training.
+11-Airlift.
+6-Srategic forces.

Look at the 78,000 flying hours, this is one committee that has always supported that and we really appreciate it. As General Hamm mentioned, there is a 51,000 increase in the tactical forces, and that gets your flying hours per crew up to the 19.4 per month that General Hamm mentioned—from 19.1.

In the pilot training and Air Training Command, they are adding three additional sorties to the T-37 and T-38, an increase in the training syllabus of 5.2 hours. Airlift increase reflect the European Distribution System. Those aircraft will be full up this year. For full year operation during 1986. That is C-23A.

In the strategic forces, that is for the support of the user requirements of the KC-135 refueling.

DEPOT PURCHASED EQUIPMENT MAINTENANCE, TOA

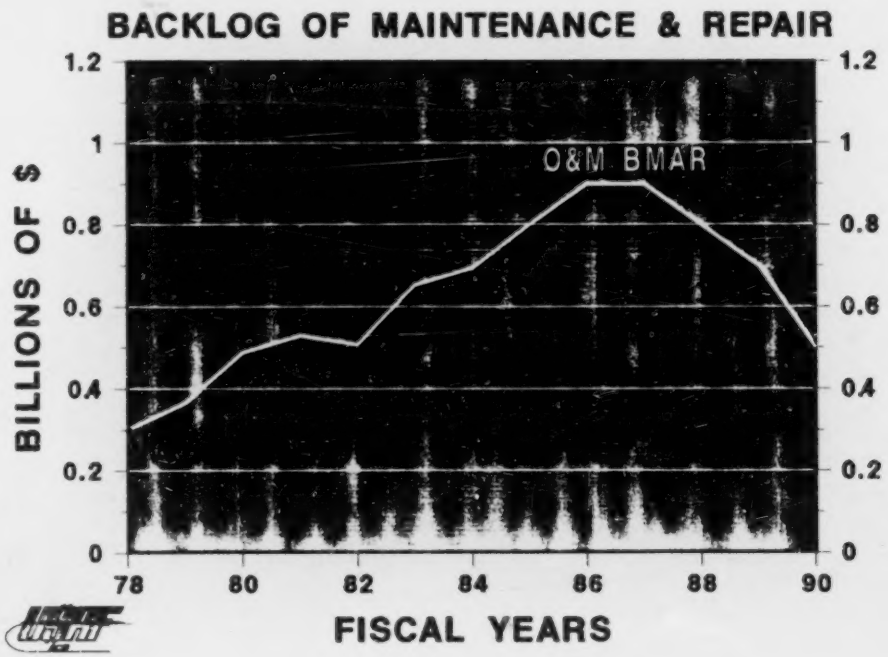
[Dollars in millions]

	Fiscal year—		Real growth
	1985	1986	
Aircraft	801	693	13
Maintenance	470	405	
Modification	331	288	
Missile	106	111	4
Maintenance	85	82	
Modification	21	29	
Engines	379	411	11
OMEI	101	101	1
Exchangeables	2,016	2,030	3
Area/Base spt	87	81	0
Total	3,490	3,427	.7

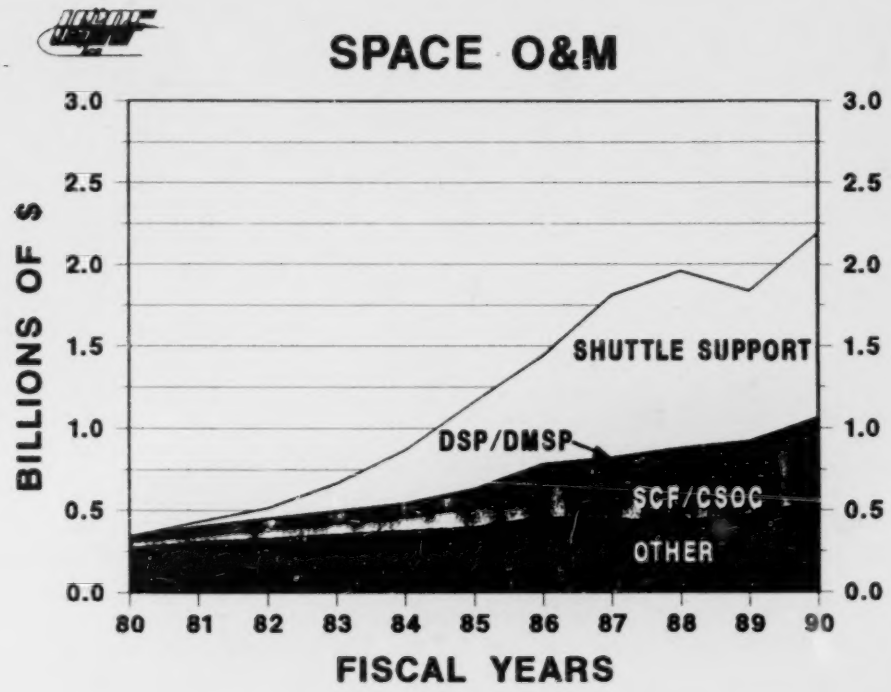
One of the main areas that is very closely allied to the flying hour program is the depot purchased equipment maintenance. This year, although there is only a 0.7-percent increase, the Air Force feels that this account is adequately funded. We do have a backlog yet of $60 million this year but that is a manageable backlog.

The big drop in aircraft maintenance line up here is for repair of crash damaged aircraft, two C-5's that had some damage last year have been repaired.

The major increase in the engines and exchangeables is related to the F100 engine.

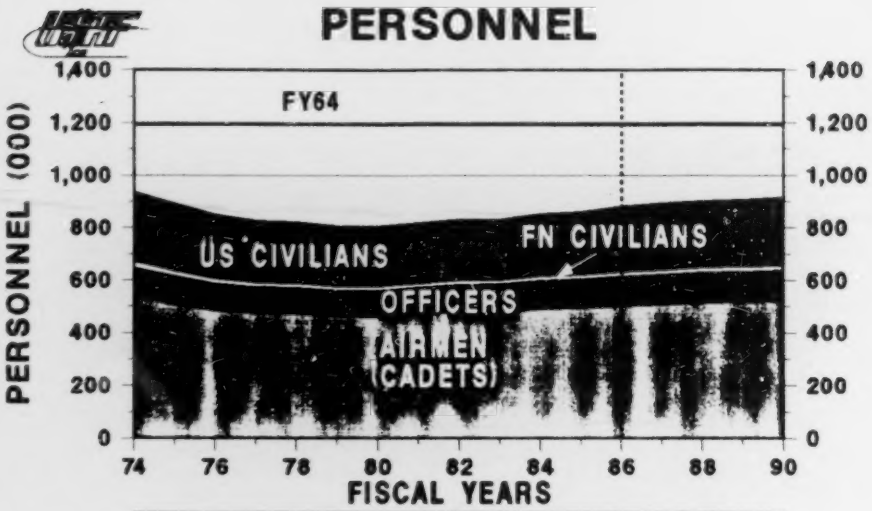


Another area that we talk about frequently is the backlog of facility maintenance repair. We have added 10 percent more funding this year than last year. However, the backlog continues to grow. We are trying to get a better handle on that to bring that backlog down, and as you can see, we do have it projected for a 5-year program to get it down close to the congressional containment level.



This one I mentioned, this is the only slide I will show you that goes beyond 1986. I am doing it mainly for effect to show you space programs in the O&M account. The launch support alone, the shuttle is going to require this amount of O&M dollars in the outyears, and the total space program will rise to about $2.2 billion by 1990.

The reason for most of this is, as the R&D is finished on these various facilities like out at Vandenberg, the Vandenberg launch sites, and Consolidated Space Operations Center in Colorado, they turn those over to O&M and they become an operational mission. So you will be seeing, as this O&M account in the Air Force continues to come before this committee, you will see this account continue to grow.

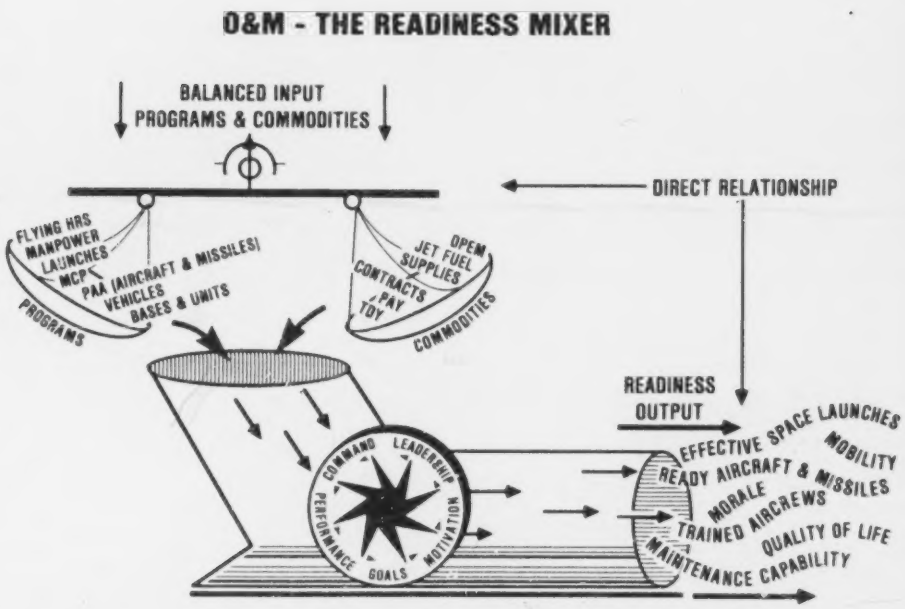


	FY86	FY85-86 CHG
US CIVILIANS	246 K	+10 K
FN CIVILIANS	21 K	+ 6 C
OFFICERS	110 K	+ 2 K
AIRMAN (CADETS)	502 K (4417)	+ 8 K

The O&M account also supports the increase of 10,000 U.S. civilians and foreign national civilians, and of course we provide the supplies and the facilities support for the military increases. All of these increases are directly related to either a modernization of new systems, readiness sustainability, or conversion of military to civilian, or as an offset by conversion from civilian to contract.

Sir, I would like to close with a special slide one of my young colonels devised.

Mr. DANIEL. Very ingenious.



General WORRICK. To make the point that into the hopper goes a balanced program. You can have all these commodities that you have priced out, the maintenance, the fuel supplies, contracts, pay, and TDY that will be balanced to support your flying hour program, your missiles, your aircraft you have on board, vehicles and number of bases. That goes into the hopper and when you mix that with command leadership, performance, goals, and motivation, out comes readiness.

It comes out in the form of capability, ready aircraft, missiles, morale, trained air crews, and there is a direct relationship then between what goes into this and what comes out. And this balance—and you have heard all three of us here today talk about that balance—if you reduce the commodity and you don't reduce the program, you are out of balance, and vice versa, if you increase the program and don't put the dollars in, you are out of balance.

That is why we always like to express to all the committees at all levels that we don't look at reductions taken in civilian pay or a reduction in POL, we look at reductions or increases in terms of program.

Thank you very much, sir.

PREPARED STATEMENT OF BRIG. GEN. MARK J. WORRICK

Mr. Chairman and Members of the Committee:

I am pleased to appear before this Committee to present and discuss the Air Force Operation and Maintenance (O&M) budget requests for FY 1986. My statement will compare the FY 1986 budgets with FY 1984 and FY 1985 funding levels (actual and budgeted) for the Active and Reserve Forces, and will highlight the forces, manpower, programs, and resources supported by O&M funds.

The following is a summary of the FY 1984-86 O&M budgets:

	($ Millions)		
	FY 1984	FY 1985	FY 1986
O&M, Air Force	$ 17,773	$ 19,213	$ 20,924
O&M, Air Force Reserve	783	881	908
O&M, Air National Guard	1,801	1,829	1,830
Total Air Force	$ 20,357	$ 21,923	$ 23,662

I will first discuss the O&M, Air Force budget, and then those of the Air Force Reserve and Air National Guard.

OPERATION AND MAINTENANCE, AIR FORCE

The O&M appropriations, along with the Military Personnel appropriations, finance the day-to-day business of the Air Force. O&M funds buy the resources to operate and maintain weapon systems and facilities, purchase supplies, equipment, fuel and contract services, and pay civilian employees. These funds impact directly on the operational readiness of our forces.

The following table shows the O&M funding, actual and proposed, for the active Air Force, FY 1984-86:

O&M, AIR FORCE

BY MAJOR FORCE PROGRAM

($ Millions)

	FY 1984	FY 1985	FY 1986
Strategic Forces	$ 3,053	$ 3,196	$ 3,403
General Purpose Forces	3,829	4,034	4,312
Intelligence and Communications	1,713	2,118	2,445
Airlift Forces	1,238	1,275	1,171
Central Supply and Maintenance	5,399	5,965	6,833
Training, Medical and Other General Personnel Activities	2,006	2,052	2,158
Administration and Associated Activities	529	566	596
Support of Other Nations	7	8	7
TOTAL*	$17,773	$19,213	$20,924

*May not add due to rounding.

The FY 86 O&M, AF, budget contains approximately $1.5 billion or 7.7% real growth over FY 85. Of the $1.5 billion, $178.1 million or 12% is associated with transfers of funding between appropriations and is not real growth. This includes $96.0 million for Environmental Restoration which is being transferred to the Air Force from DoD and a change in the expense/investment criteria which results in $82.1 million being transferred into the O&M, Air Force appropriation. In FY 1986, the Environmental Restoration funds will be used to identify, characterize, and accomplish remedial actions at hazardous waste sites which, due to past disposal practices, present a threat to health or the environment. The revision to the expense/investment criteria established the concept of centralized item management and accountability as the key criterion for determining whether an item should be funded by Procurement or O&M Appropriations.

Of the remaining $1.3 billion in real growth for FY 1986, approximately 42% is attributable to four areas: Space,

Classified Programs, Real Property Maintenance Activities, and Depot Maintenance. The Space increase reflects additional efforts for the Space Transportation System (Space Shuttle), Satellite Control Facility, and the Consolidated Space Operations Center. Real Property Maintenance Activity (RPMA) increases are necessary for the upkeep and maintenance of our facilities and runways. The PPM by contract program still remains well below FY 1982 through FY 1984 levels. Depot Maintenance, a key readiness program, increases in FY 1986 mostly for exchangeable component repair, interim contractor support, and the Big Safari program.

Other program growth for FY 1986 includes increases for new weapon system support requirements for Ground Launched Cruise Missile (GLCM) and the B-1B. Flying hour increases are primarily due to Tactical Program force growth and modernization, European Distribution System (C-23A), and B-1B force growth. Increased funding is requested to support required upgrades to essential communications capabilities throughout the Air Force. The budget also contains growth in Systems Engineering and Contractor Logistic Support, medical supplies, equipment and treatment facilities.

Details on the price and program growth are provided on the following pages.

ESTIMATED PRICE CHANGE

The budgeted price change of $230 million in FY 1986 includes price fluctuations for non-personnel purchases, annualization of FY 1985 pay raise, FY 1986 5% civilian pay cut, and the FY 1986 foreign national indirect hire pay raises. These price changes permit a realistic estimate for inclusion in the Authorization and Appropriation Acts to execute the approved O&M programs.

O&M, AIR FORCE

PRICE AND PROGRAM CHANGE BY CATEGORY

($ Millions)

Category	Price Growth	Program Growth	FY 85 to FY 86 Change
Civilian Personnel	$ -105	$+ 157	$+ 52
Travel	+ 6	+ 3	+ 9
Stock Fund (SF)	-450	+ 318	- 132
Industrial Fund Maintenance	-116	- 14	- 130
Transportation	- 47	+ 52	+ 5
Other Purchases	+336	+ 964	+1,300
SUBTOTAL	-378	+1,480	+1,103
Refunds	+608		+ 608
TOTAL *	$ 230	$1,480	$1,711

* May not add due to rounding.

Note that the categories reflect price change decreases. The last item relates to the FY 85 refund and is shown separately for clarification. In FY 85, the Air Force received $608 million in refunds from Revolving Fund accounts as directed by Congress. These refunds act as positive price growth when looking at FY 86 changes, and create an overall price growth.

WHAT O&M BUYS

Although O&M funding is critical to readiness, the O&M account is not well understood by many who have an otherwise excellent knowledge of military affairs. Even members of the armed forces often have a limited knowledge of what it buys. It is difficult to grasp the full range and importance of the O&M account.

The O&M appropriation provides the money used to buy fuels, lubricants and small or low cost parts for aircraft,

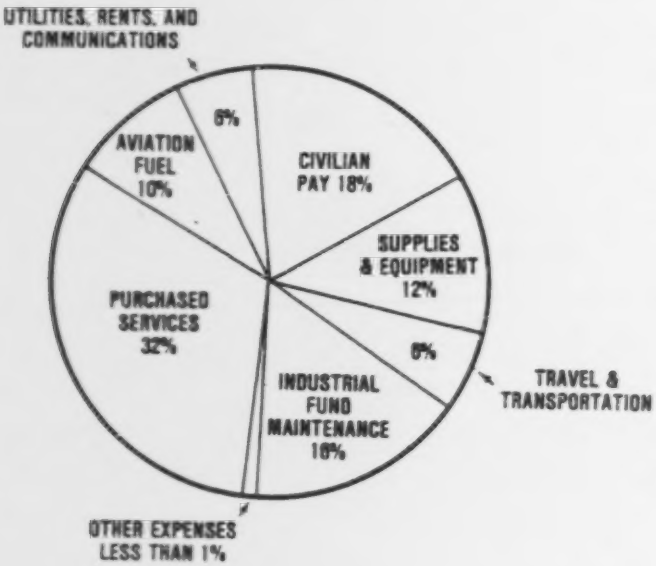
missiles, and vehicles. It is also used to maintain runways and facilities, operate the physical plants, perform depot maintenance on weapon systems, train and provide health care to people, and pay civilian employees. All levels of Air Force management are active in managing, budgeting, and executing O&M. The primary determinants of O&M dollar requirements are flying hours, forces, manpower, and bases. The O&M account provides the "life blood" for combat and support forces.

In terms of aggregate physical plant, major units, combat training activities, and other gross quantitative indicators, the following kinds of things are acquired and/or supported with O&M funds (FY 1986 data):

- Major installations - 136
- Aircraft flown and maintained TAI - 6,658 (O&M, AF, aircraft inventory)
- Flying hours - 2,435,822 (O&M, AF)
  - -- Aircraft POL - 57,158,000 BBLS (active)
  - -- Other POL - 8,863,000 BBLS (active)
- Personnel paid or supported -
  - -- Military - 611,500 (active only)
  - -- Civilian - 164,674 (O&M, AF)
- Airfield pavements - 250 million square yards
- Roads and streets - 12,000 miles

The Air Force budgets, manages and administers its funds by Major Force Program (previously shown). However, to some, it is easier to look at what O&M buys in terms of commodities, that is, broad classes of goods and services. The following chart shows the composition of O&M, AF, costs by commodity class.

O&M COSTS BY COMMODITY
(FY 1986)



O&M AND READINESS

The military might of a nation has traditionally been measured in terms of troop strength and quantities of hardware: divisions, tanks, aircraft, missiles, and ships. An assessment of military capability based exclusively on quantities of equipment and number of personnel ignores the essential element of combat readiness. Readiness is defined as the ability of military forces, units, weapon systems, equipment and personnel to perform functions, at the outbreak of hostilities, for which they have been designed, organized, or trained. As such, it is an element of overall military capability, along with the forces in being (force structure), age and technological capability of weapon systems and equipment (modernization), and the ability to continue effective military operations over an extended period of time (sustainability).

Virtually every O&M dollar the Air Force spends contributes to readiness in some way. However, since much of the Air Force O&M budget is spent on programs whose true effectiveness can be measured only during actual hostilities, it is difficult to quantify precisely the readiness impact of

every O&M expenditure in peacetime. For example, quantifying the additional readiness derived from one additional sortie by an aircrew is difficult. Even more intangible is the effect on morale and readiness generated by painting or furnishing airman dormitories. Despite this difficulty, an overall direct relationship exists between the programs O&M buys and the day-to-day readiness of the Air Force.

AIRCRAFT INVENTORY AND FLYING HOURS

Almost one-third of the total O&M budget supports flying operations. A large part of the depot maintenance program, all of the aviation petroleum-oil-lubricants (AVPOL), and roughly one-third of the supplies purchased with O&M funds are used to support flying operations.

The need for aviation POL and supplies is generally understood. Aviation POL is the fuel consumed in the flying of aircraft and in maintaining and testing of engines. Supplies are the small or low cost replacement parts and other expendable items used by field maintenance organizations to repair aircraft.

Flying hours generate expenditures for aviation fuel, supplies, and depot maintenance, TDY training, range time, and transportation. Just as important as the hours themselves are where and how they are flown. Straight and level flight, for example, does little to prepare a fighter pilot for war. Aircrews must practice, as nearly as possible, under conditions they would face in actual combat. Training must be rigorous and realistic to allow crew members to exploit the full potential of their weapon system. When aerial weapons were limited to machine guns and conventional bombs, effective training could take place almost anywhere. As weapons have become more expensive and more lethal, "live" practice with weapons has been limited. Electronic simulation devices have, to a large extent, supplemented practice with actual weapons. Improved technology enhances realism when electronic simulation devices are used.

To meet this training challenge, highly sophisticated training ranges are being maintained at the Tactical Air Warfare Center, the Tactical Fighter Weapons Center, the Strategic Training Range Complex, and other weapons training sites. Here aircrews can simulate weapons releases against simulated enemy defenses. These ranges and the simulation devices, such as Air Combat Maneuvering Instrumentation (ACMI), are supported with O&M dollars.

Generally, aircrews must deploy to use the ranges. For example, an F-15 squadron from Langley AFB, Virginia, may deploy to the range near Nellis AFB, Nevada. When a squadron is deployed, its maintenance capability goes with it. Maintenance people, spare parts, tools and equipment are deployed, and we provide a travel allowance to aircrews and maintenance personnel which helps offset their additional living costs. The spares and required maintenance equipment must also be transported to the range. All these transportation and TDY costs are paid with O&M dollars.

Training deployments produce other readiness benefits. U.S. based units become more effective by deploying to Europe or the Pacific to train in the environment in which they may have to fight. Effectiveness of our alliances is improved by conducting exchange and interoperability exercises with allied nations. These exercises require significant expenditures of O&M funds, but have a high payoff in readiness training. For aircrews and maintenance personnel to perform the duties for which they train, they must have the weapons, maintenance equipment, parts, and supplies they need. Transportation of materiel from supply centers in the United States to the using unit, wherever it might be, is paid with O&M funds.

The following table shows the active aircraft inventory and the flying hours funded by O&M funds.

O&M, AIR FORCE ACTIVE AIRCRAFT INVENTORY AND FLYING HOURS*

FY 1985			FY 1986		
PAI	TAI	Flying Hours	PAI	TAI	Flying Hours
5,904	6,642	2,358,406	5,940	6,658	2,435,822

*Includes Foreign Government owned (FGO) aircraft operated by the U.S.

The primary aircraft inventory (PAI) is the inventory of aircraft actually assigned to units for the performance of their operational missions. The total aircraft inventory (TAI) is the inventory of aircraft that includes the primary aircraft inventory (PAI) and the backup aircraft inventory (BAI). The backup aircraft are those assigned to units to permit scheduled and unscheduled maintenance, modifications, inspections and repair without reduction of aircraft available for the operational mission. Changes in the flying hour program are correlated with changes in PAI, since PAI is the inventory factor in determining the allocation of flying hours to units.

The O&M primary aircraft inventory has a net increase of 36 aircraft in FY 1986 as a result of the Air Force's modernization program and includes replacing older F-4s with F-15s and F-16s, converting F-111As to EF-111s, and adding additional KC-10 and TR-1 aircraft to the inventory. Additionally, sixteen B-1B bombers enter the inventory in FY 1986. By the end of FY 1986, the B-1 Combat Crew Training Squadron (CCTS) will be fully operational and nearly half of the first operational squadron will be in place.

The O&M flying hour program has an increase of 77,416 hours in FY 1986 primarily to support the additional aircraft entering the inventory, as well as the increased flying activity by our tactical fighter and tanker aircrew members.

The development of the Air Force flying hour program follows the same general planning, programming, budgeting and execution phases as other O&M programs. The program is designed to meet aircrew training requirements to ensure a responsive and ready force. The two major factors in the development of the program

are aircrew requirements and sortie generation capability. In close coordination with the Major Air Commands, the Air Force establishes its program based on the lower of these two factors. The Air Force recognizes that any growth in the flying hour program must consider logistical supportability and aircrew availability along with aircrew requirements.

MILITARY AND CIVILIAN PERSONNEL

The following table shows a comparison of Air Force military and civilian personnel for FY 1984-86:

	(End Strengths)		
	FY 1984	FY 1985	FY 1986
Military (active forces only)	597,125	602,070	611,500
Civilian	252,742	256,469	266,814
O&M, AF	151,954	156,190	164,696
Industrial Fund	45,189	43,753	43,848
RDT&E, AF	19,257	19,195	19,856
O&M, AFR	12,297	12,853	13,545
O&M, ANG	24,045	24,478	24,869

The Air Force manpower program for FY 1986 reflects a growth in military personnel (+9,430) and an increase in civilian personnel (+10,345) from FY 1985 levels. The military growth represents a 1.6% increase above the FY 85 active force strength. 6200 military and 2600 civilians are directly tied to force structure growth such as B-1B, ALCM, F-15, F-16, KC-10, TR-1, and C-5B. 5000 military and 3800 civilians are programmed to enhance readiness and sustainability areas such as Chem-Bio Defense, Air Base Survivability, Aerial Ports, Medical and Central Logistics programs. 1600 military and 300 civilians will go to command and control initiatives; another 800 military and 500 civilians are tied to our investment in the future -- increased flying training and R&D program requirements. Additionally, the Air Force has programmed

conversion of military positions to civilian in non-military essential areas. This conversion, combined with contracting actions, has offset the military growth by 4200 while increasing programmed civilians by an additional 3100.

FUNCTIONAL REVIEW PROGRAM

Long considered a leader in the manpower requirements determination area, the Air Force is constantly looking for ways to improve on that process. Recent changes have been made to the Management Engineering Program (MEP), integrating certain concepts used in the A-76 cost comparison process, in an effort to reduce operating costs and promote increased productivity.

Over the next five years, the Air Force will be conducting functional reviews on those commercial activities that must remain in-house for national defense reasons. Reviews are planned in virtually every functional area, encompassing nearly 620,000 authorizations (military and civilian). Functional reviews will be conducted by existing MEP personnel with the objective to eliminate unnecessary and inefficient work practices, thus reducing operating costs. The functional review process looks at wartime, as well as peacetime requirements to assure that peacetime economies will not adversely impact on combat readiness.

CONTRACT CONVERSIONS

OMB Circular A-76 cost comparisons continue as part of our overall effort to reduce Air Force operating costs. Workloads wnich do not require either military or in-service civilian personnel are considered for potential contract performance in accordance with the Circular. An in-service essentiality review to ensure that combat readiness would not be compromised is accomplished before an activity is identified for cost comparison. Such cost reviews compare the total Government cost of the most efficient in-house operation to the total cost

of contracting such services. The decision to perform in-house or by contract is based upon the results of the cost comparison. Contractor performance is subsequently monitored to ensure that we continue to receive the best service for the lowest cost.

Currently the Air Force is conducting cost comparison studies involving more than 500 activities involving approximately 13,000 manpower authorizations. These and subsequent comparisons will comply with Section 502 of the FY 1981 DOD Authorization Act.

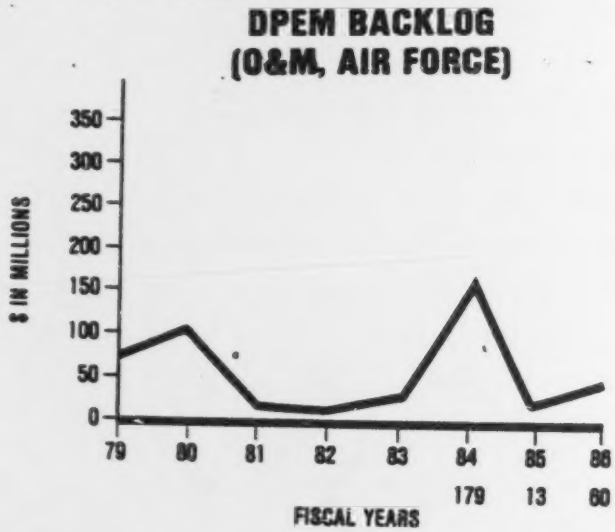
The Air Force has long considered the contract alternative a viable and efficient means of accomplishing workload. As a result, the Air Force has progressed further in contracting commercial activities than the other Services and DOD agencies -- approximately 78,000 contract work years. Recent A-76 cost comparison programs have responded to the renewed OMB/OSD emphasis on contracting -- over 24,000 Air Force spaces have been announced for cost comparison and possible conversion to contract since FY 1979. However, national defense considerations are primary in any contracting-out decision. Future contracting candidates must continue to be evaluated on the basis of their impact on readiness and our ability to respond to wartime exigencies. Therefore, the Air Force supports a moderate contracting out program which is paced such that each activity is critically examined according to its wartime role before certifying it eligible for contract.

DEPOT MAINTENANCE

The Depot Purchased Equipment Maintenance Program (DPEM) is one of the most visible of the O&M programs because of its cost and direct impact on force readiness. DPEM provides for centralized maintenance and modification of aircraft, missiles, engines, other major equipment, and exchangeable subassemblies and components that are repaired or modernized at the Air Logistics Centers, through interservice support, and by contract. The current annual expenditure for depot maintenance

is large in dollar terms, but it is small in comparison to results. The funds spent for depot maintenance both maintain and improve war fighting capability. Combat training must be rigorous to be effective. Under the stress of such training, equipment can deteriorate rapidly. Air Force equipment is also exposed to the elements in some of the world's harshest environments. Since we train with the weapons we will fight with, deteriorated equipment must be restored or replaced. By restoring equipment to a ready state, depot maintenance helps us avoid tremendous investment costs.

Besides deterioration, we must deal with obsolescence and the resulting need for new capabilities. In many cases, we avoid buying new equipment by modifying existing systems. The C-5 wing modification and the B-52 cruise missile conversion are examples of current modifications. Although modification kits are bought with procurement funds, installation of the parts and kits is an O&M cost -- whether accomplished by contractors or by in-house personnel.

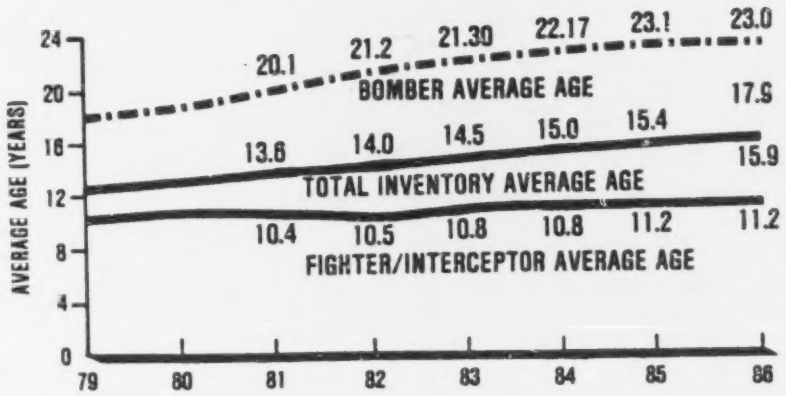


The DPEM backlog is $13 million in FY 85 and increases to $60 million in FY 86.

	($ Millions)		
	FY 1984	FY 1985	FY 1986
Funding	$3,018	$3,490	$3,427
Backlog	$ 179	$ 13	$ 60

The four major factors that drive the requirement for depot maintenance are the number of aircraft in the inventory, the hours flown, the complexity of aircraft and their systems, and the age of the aircraft. The trends in number of aircraft and flying hours are portrayed on earlier charts. The growing age of the aircraft in the inventory is illustrated on the following chart and table.

PROJECTED AVERAGE AGE OF ACTIVE AIRCRAFT INVENTORY



AGE OF AIRCRAFT

Fiscal Year	Inventory	No. 9 Yrs +	% 9 Yrs +
1964	15,214	5,173	34%
1973	10,799	5,076	47
1974	10,156	5,383	53
1975	9,334	5,134	55
1976	9,287	5,758	62
1977	9,256	6,295	68
1978	9,138	6,671	73
1979	8,959	6,757	75
1980	9,073	6,968	77
1981	9,180	6,945	76
1982	9,206	6,964	76
1983	9,355	7,025	75
1984	9,407	6,862	73

The foregoing data indicates that in spite of the ongoing modernization program, the average age of aircraft in the force grew perceptibly over the past two decades. For example, the percentage of aircraft over nine years old went from 34 percent in FY 1964 to 73 percent in FY 1984. This aircraft aging is reflected in the increased cost of aircraft repair, maintenance and modification.

STOCK FUND

The Air Force Stock Fund request for Total Obligational Authority (TOA) of $464.9 million in FY 1986 supports peacetime inventory augmentation ($325.9 million) and procurement of War Reserve Materiel (WRM) ($139.0 million).

The $325.9 million requested for peacetime inventory augmentation provides for the procurement of inventory to support force expansion, force modernization, and materiel readiness initiatives.

The FY 1986 peacetime inventory augmentation request is composed of the following:

- $290.8 million to support force expansion which includes introduction of new weapon systems such as the B-1B; increased inventory of F-16s; and new Ground Communications Electronics Systems.

- $33.7 million to support force modification which includes initial support for major modifications such as the C-135 reengining program, the B-52 offensive avionics system and cruise missile integration modifications, and modifications of the F-111 aircraft.

- $1.4 million to support readiness initiatives that will improve support of customer demands at wholesale and retail operating activities.

The FY 1986 WRM request allows the Air Force Stock Fund to continue building the capability to meet combat sustainability objectives and to preposition medical supplies and rations that

are essential for the care and sustenance of our personnel during combat operations.

Full funding of this request will enable the Air Force to procure the proper mix of stock to: (1) support initial readiness of new weapon systems entering the force structure and modifications to existing systems; (2) expand the range and depth of inventory stockage levels at both wholesale and retail activities to support increased peacetime activity and improve materiel availability; and, (3) provide the supplies and rations essential to maintain the fighting capability and survivability of our forces.

FACILITY MAINTENANCE AND REPAIR FUNDING AND BACKLOG

A large share of the O&M budget is spent for maintenance and repair of real property and other civil engineering activities. Much of the physical plant in the Air Force is the supporting structure for readiness: maintenance hangars, aircraft shelters, missile silos/launch facilities, satellite control facilities, and runways. This supporting structure is especially important because the Air Force, unlike the other Services, will fight from its air bases. Much of the physical plant is of World War II or Korean War vintage, and we are spending large sums of money to maintain facilities. Some of these, particularly overseas, more practically should be replaced. Utilities and operating costs for these old facilities is unavoidably expensive as well. Shortages of Military Construction funding have caused the Air Force to continue to operate and maintain some marginally effective facilities.

A method of evaluating physical plant condition is the backlog of maintenance and repair (BMAR). The BMAR is not a measurement of the total maintenance and repair requirement. Rather, it is a measurement of requirements which were deferred. As our physical plant ages, the BMAR grows if the O&M and Milcon funding does not keep pace. With the exception

of FY 1982, O&M funding has not been sufficient to reduce the growing backlog, despite Air Force efforts to put more money each year into RPMA programs. Major commands have gone on record to empnasize the undesirability of large scale deferral of facility maintenance and repairs. Deferred requirements for airfield pavements, utility systems, and operational or maintenance facilities (all readiness related) now comprise roughly 40% of the current BMAR. The remainder consists of deferred requirements in other work, recreation, and living facilities. Continued deterioration in these facilities not only causes repair costs to escalate each year but also adversely affects the morale of our people and our readiness.

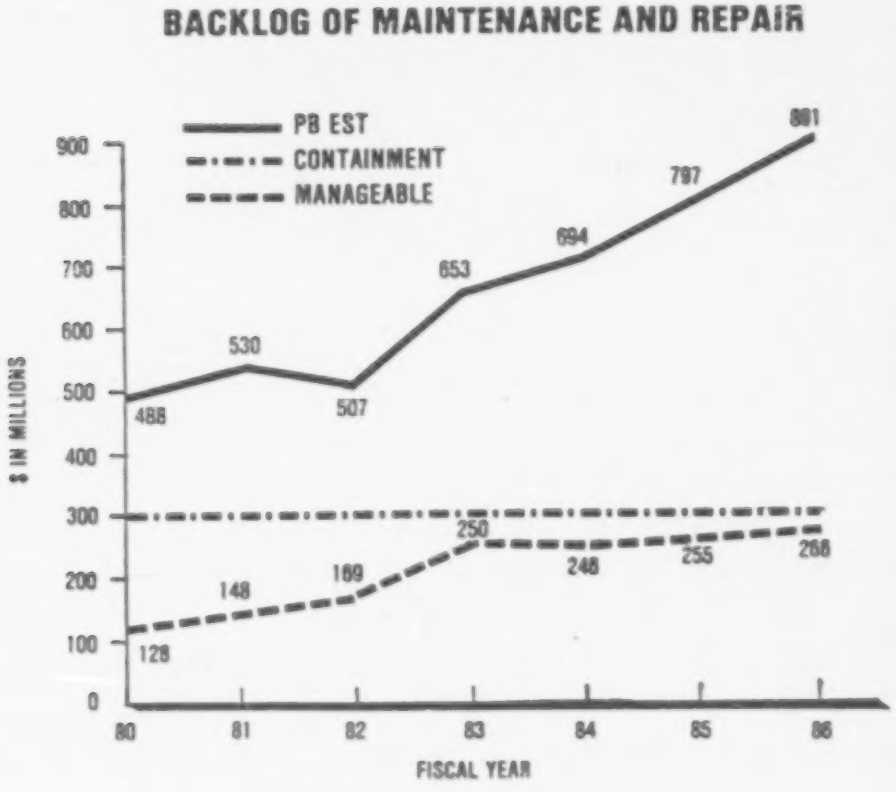
Earlier, I mentioned that the BMAR does not represent our total maintenance and repair requirement. The BMAR identifies deferred requirements, but each year we also generate newly identified maintenance and repair requirements. Thus each year we have a total requirement that includes deferred BMAR plus new requirements. Our success in achieving the real property maintenance and BMAR goals set forth in our budget request is directly proportional to the support for the funding requested in our budget.

In FY 1982 we were able to reduce the O&M BMAR for the first time since FY 1975. However, because of competing requirements for FY 1985 O&M funding, we project another increase in the backlog this year. The FY 1986 budget request does not include sufficient funding due to higher Air Force priority programs to reverse this trend. In FY 1986, the O&M BMAR is projected to be almost $600 million above the Congressional containment level of $300 million. We earnestly need your full support of the Air Force real property maintenance funding requests during considerations of the FY 1986 budget.

FACILITY MAINTENANCE AND REPAIR (O&M, AIR FORCE)

($ Millions)

	FY 1984	FY 1985	FY 1986
Backlog (BMAR)	$ 694	$ 797	$ 891
Funding	$ 429	$ 413	$ 456



RECRUITING AND ADVERTISING

Recruiting of quality personnel is essential if the Air Force is to continue to meet its critical skill requirements. The O&M resources necessary to meet the recruiting goals in FY 1985 and FY 1986 are:

($ In Millions)

	FY 1985	FY 1986
Recruiting	$ 29.7	$ 30.7
Advertising	16.8	17.6
Total	$ 46.5	$ 48.3

Total Air Force recruiting objectives are:

	FY 1985	FY 1986
Enlisted	67,000	69,800
Officer	3,728	3,045
Health Professionals	1,602	1,580
Total	72,330	74,425

The increase of $1.8 million between FY 1985 and FY 1986 includes $1.3 million price growth and $.5 million program growth. Although we are currently achieving our enlisted accession goals (Non-Prior Service and Prior Service), increased emphasis is needed to sustain our success, particularly in difficult recruiting programs such as electrical engineers, physicians in critical specialties, and fully qualified prior service personnel targeted at critical skills. FY 86 program growth is required to fund applicant processing and direct recruiter support costs necessary to recruit an additional 2,095 (+3%) enlisted, officer, and medical personnel than in FY 1985. There is no program growth in advertising as we will align our resources internally to meet our most difficult recruiting programs.

SERVICE CONTRACTS

Our FY 1986 budget request is divided into two parts: first, the Special Analysis on Consultants, Studies and Analyses, and Management Support Contracts; and second, a breakout of Contract Systems Engineering and Contract Engineering Technical

Services (CETS). The total request of $400.5 million is an increase of $73.7 million over FY 1985. Of this amount, $74 million (18% of the total) is for the CETS program. Under CETS, contractor technical representatives provide instruction and training to Air Force personnel in the operation, installation, and maintenance of weapons and equipment, particularly for new or modified systems, such as B-1B, F-16 and Special Operations Forces. Often, these systems represent technologies which are new to Air Force operators and maintenance personnel, and for which formal training courses are either limited, non-existent, or not cost effective. The importance of properly trained people cannot be overstated -- they, along with the proper equipment, produce the day-to-day deterrence. Approximately $18 million (or 5% of the total FY 1986 program) is for studies and analyses and for consultant services.

The largest amount, $299 million (75% of the total) is for Contract Systems Engineering. It is important to understand what type of services are being purchased with these resources. Contract Systems Engineering directly supports Air Force weapon systems to sustain and improve their design and performance and to modify embedded computer software. Contract System Engineering is directly related to force readiness. Other important service contracts reported in the category of professional or management services include technical support for foreign technology analyses.

We recognize and share Congressional concern for prudent resource management of these service contracts. We have taken a number of initiatives to further this objective, including, for example, significant revisions to our accounting system to better control these expenditures. We solicit your support of our budget request in this area.

SPACE OPERATIONS

The Department of Defense is becoming increasingly dependent on space-based assets to conduct effective and efficient military

operations. The full integration of space operations in the employment of our terrestrial forces requires that we meet user requirements in terms of factors such as: availability, survivability, performance, supportability, and capacity.

The Air Force is proceeding to bring the Vandenberg AFB (VAFB) Space Shuttle launch and landing site to operational status in October 1985. The first shuttle launch from VAFB will not be earlier than Jnauary 29, 1986. The increase in O&M ($169.1 million) to support the VAFB Shuttle launch and landing site is contained in the Space Launch Support Program line. This growth is partially offset by a decrease in orbiter flight charges. Program growth in Space Launch Support is $107.6 million.

Our current inventory of expendable launch vehicles (ELVs) is being exhausted. The last Titan III will be delivered in early 1986, and the Atlas E refurbished ICBMs will be used to launch the Defense Meteorological Satellite Program (DMSP) through 1989. The Air Force no longer has any backup ELVs. All have been assigned to primary launch missions. We are planning to convert decommissioned Titan II ICBMs into Space Launch Venicles for DMSP and classified program launches to occur between FY 88 - FY 90. Program growth in the Space Boosters line is less than $5 million.

In his National Space Policy Directive, (NSDD-144), the President endorsed DOD's validated requirement for assured access to space. While the Space Transportation Support (STS) has proven to be highly reliable, and the DOD remains fully committed to it for the majority of its payloads, total reliance on any single launch system for access to space represents an unacceptable national security risk. Therefore, the DOD plans to implement the President's policy by acquiring a limited number of ELVs for launch in the 1988-1992 timeframe.

These ELVs will be used to complement the Shuttle for the JCS's top priority satellite programs. To the greatest extent affordable, the Complementary ELV program seeks to provide a

Shuttle-complement by minimizing commonality with Space Transportation Support (STS) components, facilities, and industrial base. Furthermore, while satisfying immediate national security requirements, the Complementary ELV program, when coupled with the STS, provides a sound foundation for progress toward the nation's space transportation goals for all sectors--civil, commercial, as well as national security. Operation and Maintenance funding for the Complementary ELV is projected for FY 1989.

The Consolidated Space Operations Center (CSOC) at Colorado Springs will perform the two mission elements of satellite control and Space Shuttle operations. The satellite control element of CSOC will provide communications, command, and control service functions for orbiting spacecraft. The Shuttle element will conduct flight planning, readiness, and control activities for DoD shuttle missions. Since the facilities come on line in FY 88, there is a significant increase in O&M funding required.

It can be expected that Space related O&M requirements will continue to grow into the 1990 time frame. In 1990, the majority of DoD satellites will have transitioned to the Shuttle, at which time the O&M requirements should level off.

PEOPLE

People are a key resource. No investment in equipment and facilities would produce readiness without well-trained, motivated, and dedicated people. We must attract and retain high quality people, train them to do their jobs, and sustain them and their families. How well we do all these things depends on our ability to reach these people, and that requires O&M funding. Our recruiting stations, advertising, and the leased vehicles used by recruiters are paid for with O&M funds. Our technical training centers are operated with O&M funds. These centers train recruits in entry level job skills and, as they progress in their careers, provide the skills they need to become senior technicians and managers. When new weapon systems such as the F-

15 are bought, instructors and maintenance personnel are sent to the manufacturers' plants for training.

Once military personnel are trained and in the field, most of their operating support, except for pay and food, is provided by O&M funding. Dormitories are maintained and equipped with O&M funds, and dining halls are operated with O&M funds. Morale, welfare, and recreation facilities receive O&M support. The level of real property maintenance funds determines the condition of working facilities. These types of personnel support costs probably have more impact on retention than anything other than pay. Dollars spent for personnel support help avoid much larger costs needed to train replacements for dissatisfied people who leave the Air Force.

Civilian employees compose a large and important segment of the Total Force. Their contributions improve readiness and mission accomplishment on a daily basis. While the Air Force supports the Administration's position on civilian pay and benefits, we are committed to keeping our civilian members full partners in the Total Force.

Civilian personnel management faces many of the same challenges as the military. In particular, the need to attract and retain high quality people is both a necessity and an area of concern. The Air Force will be competing in a very difficult market as we continue to convert military positions to civilian and hire more civilians to monitor our spares acquisition process. Further, once we attract these technically oriented employees, we must ensure our personnel system responds to their needs for recognition, advancement, and security.

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The following pages provide O&M Air Force budget data by major force program for FY 1984-86.

STRATEGIC FORCES

Strategic Forces provide the capability to insure credible deterrence in support of national policy. These forces are

combined into two major categories: Strategic Offense and Strategic Defense. Strategic Offense forces are those of the Strategic Air Command and consist of aircraft, missiles, and command, control and communication systems. Strategic Defense forces include elements of Space Command, Alaskan Air Command, and Tactical Air Command. Strategic Defense forces include: atmospheric, ballistic missiles, and space surveillance systems, space defense systems, interception aircraft, and the associated command and control for these systems. Funding requirements are summarized in the following table:

($ Thousands)

	FY 1984	FY 1985	FY 1986
Strategic Offensive	$ 2,092,154	$ 2,174,438	$ 2,223,847
Aircraft	$ 1,115,242	$ 1,107,261	$ 1,072,580
Missiles	128,021	174,071	211,021
Other Defensive Operations	63,934	70,071	69,835
Telecom & Command Control	107,783	128,726	148,994
Base Operations	677,174	694,309	721,417
Strategic Defensive:	$ 960,720	$ 1,021,460	$ 1,178,809
Surveillance Radars	$ 268,297	$ 292,858	$ 368,056
Surveillance Satellite	126,212	149,503	173,687
Other Defensive Operations	132,061	128,784	148,078
Telecom & Command Control	94,521	114,042	130,328
Base Operations	339,629	336,273	358,660
TOTAL	$ 3,052,874	$ 3,195,898	$ 3,402,656

Major program increases in terms of program growth in Strategic Forces for FY 1986 include the following: O&M support for B-1B Program ($+30.0 million), flying hour program increases for the KC-135 and FB-111 ($+10.0 million), increased strategic reconnaissance activities ($+3.8 million), logistic upgrades for the Minuteman Program ($+27.0 million), O&M support for

Peacekeeper ($+7.0 million), strategic C3 upgrades ($+33.4 million), O&M support for the upgrade of selected Distant Early Warning (DEW) Line sites to be retained as part of the new North Warning System ($+27.0 million), O&M for the East Coast Over-the-Horizon (OTH) Radar ($+11.1 million), activation of new PAVE PAWS radar sites ($+8.2 million), Defense Support Program (DSP) upgrades ($+11.0 million), activation of an additional Ground-Based Electro-Optical Deep Space Surveillance site ($+5.8 million), activation of an additional F-15 squadron ($+8.8 million), increased flying hours for strategic defensive training program (+3.6 million), and increased O&M for classified programs ($+19.0 million). These program increases are partially offset by phase-out of the F-106 aircraft ($-8.4 million), reduced O&M for SLBM radar warning system support ($-5.0 million), and Titan deactivation ($-.7 million).

GENERAL PURPOSE FORCES

General Purpose Forces consist primarily of the Tactical Air Command, the Alaskan Air Command, the Pacific Air Forces, and the United States Air Forces in Europe. These forces provide for air superiority, counter-air, interdiction, close air support, reconnaissance and surveillance, and electronic warfare. The following table summarizes General Purpose Forces funding requirements:

	($ Thousands)		
	FY 1984	FY 1985	FY 1986
Tactical Fighters & Weapons	$1,535,325	$1,503,565	$1,464,630
Tactical Reconnaissance Electronic Warfare	132,330	179,857	205,127
JCS Exercises	33,230	31,342	31,104
Combat Support	133,917	196,554	264,747
Other Command & Control	177,678	195,415	182,192
Other Tactical Operations	120,004	116,704	120,016

	($ Thousands)		
	FY 1984	FY 1985	FY 1986
Major Range & Test Facilities	23,323	27,311	26,358
Tactical Intelligence & Special Activities	180,118	250,418	373,804
Telecomm & Command Control	117,828	123,275	139,669
Base Operations	1,397,767	1,409,790	1,504,248
Foreign Currency	-22,476	-0-	-0-
Total	$3,829,044	$4,034,231	$4,311,895

Major program increases in FY 1986 include support for the tactical flying hour program ($+22.0 million), support for the KC-10 ($+26.6 million), and sustaining engineering to support weapon systems ($+36.7 million). The above increases directly enhance the readiness posture of our tactical forces. Additionally, there is support for the GLCM mission ($+10.8 million), TR-1 support ($+25.8 million), intelligence and special activity programs ($+126.8 million), chemical and biological defense programs ($+18.4 million), WRM readiness requirements ($+21.6 million), and communications support to tactical programs ($+14.5 million). Base Operating Support increases to cover programs such as GLCM ($+3.1 million) and Wartime Host Nation Support program ($+7.5 million). Real Property Maintenance increases are for GLCM ($+19.7 million), SWA Facility Support ($+12.5 million), Air Base Ground Defense and Survivability ($+30.0 million), and Chemical and Biological Defense Shelters ($+3.8 million).

INTELLIGENCE AND COMMUNICATIONS

This program has four major areas of activity: 1) The conduct of National, Department of Defense, and Air Force intelligence and security programs and worldwide communications and command control systems required by both National Command Authorities and the Air Force under all conditions of peace and

war; 2) space support activities; 3) specialized functions such as weather service, air traffic control, and Office of Special Investigations (collectively called service-wide activities); and 4) the base operations functions to support these activities. Funding requirements are summarized in the following table:

(\$ Thousands)

	FY 1984	FY 1985	FY 1986
Telecomm & Command Control	\$ 574,000	\$ 710,572	\$ 797,684
Space Support	488,514	748,819	972,240
Intell & Service-wide Activities	617,638	625,288	639,126
Base Operations	32,462	32,841	35,769
Total	\$1,712,614	\$2,117,520	\$2,444,819

The changes in funding requirements in FY 1986 include price growth (\$+60.8 million), and program growth as follows: Space Launch Support Program (\$+107.6 million), Consolidated Space Operations Center (\$+62.9 million), Satellite Control Facility (\$+11.0 million), Space Boosters (\$+4.5 million), Navstar GPS (\$+6.8), Weather Service (\$+6.6 million), Defense Meteorological Satellite Program (\$-2.5), Electronic Combat Intelligence Support (\$-.8 million), Office of Special Investigations (\$+1.1 million), Leased Long Lines Common User Communications (\$+9.8), Communications-Electronics requirements (\$+4.1 million), Mobile Ground Entry Points (\$+2.2 million), Defense Data Network (\$+4.6 million), Real Property Maintenance (\$-.5 million), Inter-Service Agency Automated Message Processing Exchange Program (\$+26.4 million), AFSATCOM/Milstar (\$+3.3 million), World-Wide Military Command & Control System -ADP (\$+8.0 million), and WWMCCS Information System (WIS) (\$+3.3 million).

AIRLIFT FORCES

This program provides the funds to operate and maintain the Military Airlift Command (MAC). The primary mission of MAC is to maintain the readiness of the military airlift systems in support of contingency and wartime plans and operations. This mission has three subsets: strategic airlift, tactical airlift, and special operations (SOF) and combat rescue.

The O&M funds requested in this program are for initial qualifications; continuation and upgrade training of C-5, C-141, and C-130 aircrews; SOF and combat rescue operations; operation and maintenance of MAC bases; advanced helicopter crew training; command, control and communications; maintenance of an operational support airlift system; and intermediate and organizational aircraft maintenance. The funding also supports DOD flying hour requirements for specific airlift missions assigned to the Air Force as a mission and funding responsibility, and local area training for C-5, C-141 and C-130 aircrews.

The peacetime readiness training of the military airlift system provides airlift capability as a training by-product. This by-product satisfies a large portion of the air transportation requirements of the Army, Navy, Air Force, Marine Corps, and other Government agencies by way of airlift services provided on a reimbursable basis by the Airlift Service Industrial Fund (ASIF).

Funding requirements are summarized in the following table:

($ Millions)

	FY 1984	FY 1985	FY 1986
Assigned Airlift Mission	$ 484,347	$ 522,198	$ 428,449
Mission Support	176,125	196,302	206,755
Special Ops and Combat Rescue	54,984	54,628	49,942
Combat Support	19,393	19,860	18,816
Telecomm & Command Control	24,273	28,316	31,838
Base Operations	478,967	453,325	435,527
Total	$1,238,089	$1,274,629	$1,171,327

The increases in funding in FY 1986 include flying hour increases for the European Distribution System and initial training for C-5 and C-141, ($11.0 million), funding of C-12F and C-21 leased aircraft ($+6.0 million); command, control, and communications ($+3.0 million); C-5B support ($+3.0 million); and Unaccompanied Personnel Facilities Improvement Program ($+5.0 million). Offsetting these increases are price decreases ($-67.0 million); reduced C-5 Allowable Cabin Load requirements ($-35.0 million); termination of the C-20 lease ($-2.0 million) since C-20 aircraft are procured in FY 85; transfer Bolling AFB to MFP 9 ($-22.0 million); and discontinuance of Phase II equipment and purchase of Phase IV equipment ($-8.0 million).

CENTRAL SUPPLY AND MAINTENANCE

Central Supply and Maintenance funds essential logistical support to operating forces world wide through the functions of distribution, materiel management, prime procurement, contract management, depot maintenance, and first and second destination transportation. In addition to the direct Air Force mission, similar logistical support is provided to the Air Force Reserve, the Air National Guard, other DOD and government agencies, and selected foreign governments. This program also provides limited support to commissary operations, the Utah Test and Training Range, Eastern Test Range, Western Test Range, the Military Aircraft Storage and Disposition Center, printing and publications, telecommunications, and associated base operations. Funding requirements are summarized in the following table.

($ Thousands)

	FY 1984	FY 1985	FY 1986
Supply Depots	$ 307,117	$ 328,414	$ 318,207
Inventory Control	452,922	521,286	571,733
Procurement Operations	166,089	186,371	203,428
Depot Maintenance	2,862,844	3,372,507	3,411,818
Modernization	374,908	352,339	317,302

($ Thousands)

	FY 1984	FY 1985	FY 1986
Industrial and Stock Fund Support	-618,800	-632,428	-24,000
Transportation	573,665	563,790	576,996
Miscellaneous Logistic Support Activities	156,927	183,972	205,415
Industrial Preparedness	8,742	11,479	10,357
Printing/Publications Activities	51,960	50,388	52,823
Test Ranges	205,975	204,773	240,279
Commissary Operations	183,955	191,156	197,378
Command	95,219	93,062	90,679
Environmental Restoration	-	-	96,000
Telecomm & Command Control	30,151	34,588	37,608
Base Operations	547,086	503,298	526,629
Total	$5,398,760	$5,964,995	$6,832,652

Adjustments to funding levels in FY 1986 include price growth of $490.2 million and program growth of $377.4 million. Major program increases in FY 1986 include $80.0 million for Depot Maintenance. This results from a $+114.0 million increase in the maintenance accounts and a decrease of $34.0 million for reduced quantities of modification kit installations in FY 86. The FY 1986 funding allows for 2.2% growth while maintaining a $60.0 million backlog in FY 1986. Other program increases include: Civilian personnel workyears to support the SECDEF ten point program to improve spare parts procurement and support new weapon systems entering the inventory ($+83.0 million); increased cargo movements ($+38.0 million); software development and system design of various major information systems ($+22.0 million); instrumentation installation, modification, and maintenance at the Western Test Range; loss of special interest launch reimbursements; operation of the new Jonathan Dickerson Instrumental Facility concurrent with

existing downrange tracking sites; and USNS Redstone ship life extension program ($+29.0 million). In addition, funds are requested for the Environmental Restoration program (previously not a part of the O&M, AF appropriation) which provides for toxic/hazardous waste and debris removal at both currently and formerly owned Air Force installations ($+96.0 million).

TRAINING, MEDICAL & OTHER GENERAL PERSONNEL ACTIVITIES

This program provides training, medical care and other individual personnel activities of organizations. The O&M funds provide individual training for military and civilian members of the active Air Force, Air Force Reserve, Air National Guard, Air Force Academy and AF ROTC cadets. This program also includes recruiting activities, military personnel off-duty education programs, and civilian education and development programs. The medical portion provides essential medical capability to meet wartime and peacetime requirements; and provides health care for active duty and retired personnel and for other authorized recipients on a space available basis. The funding requirements are summarized in the following table.

($ Thousands)

	FY 1984	FY 1985	FY 1986
Recruiting, Advertising and Examining	$ 47,483	$ 50,777	$ 52,611
Recruit & Specialized Training	159,009	170,900	181,041
Officer Acquisition	68,783	76,571	83,020
Flight Training	300,873	282,264	255,300
Professional Development Education	42,998	51,708	51,104
Education & Training - Health	31,021	32,034	33,293
Other Personnel Activities	101,440	114,838	136,893
Training Support Activities	58,224	58,721	61,476
Base Communications - Training	19,402	21,699	24,152
Base Operations - Training	487,790	471,451	511,380
Hospital Operations	688,586	720,130	767,707
Total	$2,005,609	$2,052,093	$2,157,977

The increase in Training and Other General Personnel Activities in FY 86 consists of price changes of $-18.7 million and program changes of $+124.6 million. The program growth includes increases in facility projects primarily to reduce the growth in the backlog of ATC's facility maintenance and repair and to do some rehabilitation work at the Air Force Academy ($+17.9 million); increases in eligibility and participation in the Veterans' Educational Assistance Program (VEAP) and Education Assistance Test Program (EATP) programs ($+7.1 million); training of civilian personnel to support new and more complicated weapon systems and to improve acquisition and contracting procedures ($+7.1); and acquisition of microcomputers for Air Force Academy faculty and cadet training for the second year of a four year program ($+3.8 million). These increases have been offset in part by a reduction in the funds spent for the leasing of data automation equipment ($-4.2 million) and phased requirements ($-2.7 million) for Command Readiness Exercise System (CRES) software.

The increase in medical funding requirements in FY 1986 includes medical supplies ($+11.6 million) and site preparation (or leases) for prepositioning medical war readiness materiel ($+4.5 million); contract registered nurses to provide increased quality of care ($+5.5 million); increased civilian end-strengths for quality assurance at medical centers and hospitals ($4.5 million); hardware maintenance and software development for automated systems for readiness, patient accessibility and quality of care systems ($+2.0 million); drug reconfirmation testing ($+1.5 million); and diagnostic services for added patient volume resulting from additional physician end-strengths ($+1.1 million).

ADMINISTRATION AND ASSOCIATED ACTIVITIES

This program covers administrative support of departmental and major administrative headquarters, field commands and associated activities. This program also provides the Air

Force and DoD agencies with essential photographic and video services. Resources are included for the Civil Air Patrol, Air Force Audit Agency, Air Force Service Information and News Center, Air Force Accounting and Finance Center, Aerospace Audiovisual Service, Air Force Inspection and Safety Center, and Air Force Manpower and Personnel Center. The following table summarizes the funding requirements:

($ Thousands)

	FY 1984	FY 1985	FY 1986
Departmental HQ's	$102,320	$102,167	$104,992
Service-Wide Support	344,619	369,225	377,813
Personnel Activities	40,634	49,080	46,831
Other Support Activities	12,765	12,328	13,1
Telecomm & Command Control	7,440	9,288	11,442
Base Operations	21,412	23,890	42,054
Total	$529,190	$565,978	$596,321

The increases in funding requirements in FY 1986 include the establishment of the Air Force Military District of Washington ($+ 21.7 million)--transfer from other programs, price growth ($+.6 million), Information Systems support ($+10.0 million), Combat Ammunition Systems development ($+6.5 million), Postal Rate Increase ($+1.5 million), Disability Compensation ($+1.3 million), Total Force Pay System ($+5.7 million), Revision of Expense and Investment Criteria ($+3.8 million), and Civilian Personnel ($+21.4 million). These are partially offset by decreases in Information Systems due to purchases of leased equipment resulting from implementation of the Phase IV program ($-32.0 million) and Unemployment Compensation ($-2.0 million).

SUPPORT OF OTHER NATIONS

This program provides funding for support of Air Force personnel assigned to the North Atlantic Treaty Organization (NATO), Supreme Headquarters Allied Powers Europe (SHAPE),

other joint military headquarters and agencies, the NATO airborne early warning and control (AEW&C) activities, and management headquarters technology transfer functions. Funding requested is shown below:

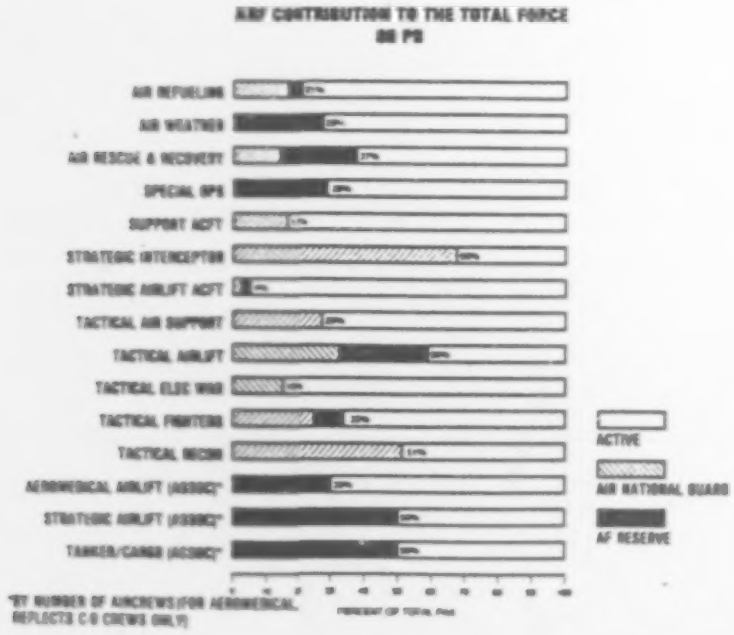
($ Thousands)

	FY 1984	FY 1985	FY 1986
Support to Other Nations	$ 6,842	$ 8,121	$ 6,753

The decrease from FY 1985 to FY 1986 is due to a reduction of 63 civilian workyears associated with the NATO AWACS phasedown.

AIR RESERVE FORCES

Pursuant to the total force policy, the Air Force has placed increasing reliance on the significant contributions of the Air Force Reserve and Air National Guard to attain its overall combat and support capabilities. As illustrated in the following chart, the Air Reserve Forces make up almost half of the Air Force's tactical reconnaissance, and half of the fighter interceptor and tactical airlift capability. Air Force Reserve associate units make up almost half of the Air Force's strategic airlift and tanker/cargo airlift capability. The contribution across the board is substantial.



OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

The Air National Guard (ANG) is programmed to have 91 flying units and 244 mission support units in FY 1986. The ANG will continue its modernization efforts in several mission areas.

The FY 1986 President's Budget includes conversion of three Tactical Fighter units (one F-4D and two F-4C) to F-4Es. Three RF-4C Tactical Reconnaissance units will grow from 18 to 22 Primary Authorized Aircraft (PAA). One C-130B Tactical Airlift unit will change series to C-130H with two C-130B units expanding from 8 to 12 PAA beginning in FY 1987. An A-7 Combat Crew Training unit will have F-16s added to its inventory and one RF-4C Combat Crew Training unit will grow from 6 to 12 PAA. Finally, six units will upgrade their support aircraft by replacing older C-131s with new C-12Fs.

Operation and Maintenance (O&M) funding provides for the day-to-day operating expenses of ANG units, including pay of civilians, aviation and ground fuel, depot maintenance of assigned aircraft, supplies, and other expenses.

The following table shows the O&M, Air National Guard funding data for FY 1984-86.

($ Thousands)

Budget Activity	FY 1984	FY 1985	FY 1986
Mission Forces	$1,291,532	$1,343,585	$1,346,192
Depot Maintenance	404,152	362,793	362,470
Other Support	105,038	122,470	121,438
Total	$1,800,722	$1,828,848	$1,830,100

The Mission Forces budget activity funds all costs for the operation of the ANG flying and mission support operations. For this activity, there is program growth of $36.8 million and negative price growth of $-35.6 million. The major program increases are caused by annualization of FY 1985 civilian workyears ($+17.1 million), flying hour increase ($+8.6

million), Expense/Investment criteria change ($+4.8 million), and Contract Engineering Technical Services for C-5, C-141, F-16, and F-4E aircraft ($+2.4 million).

Depot maintenance consists of centralized maintenance and modification of aircraft, engines, other major equipment, and exchangeable subassemblies and components that are repaired or modernized at the Air Logistics Centers. There is program growth of $5.2 million and price growth of $-5.5 million for this activity. The major cause of the program increase is for additional programmed depot maintenance for C-130 and F-4 aircraft ($+24.6 million).

The Other Support budget activity provides funds for costs associated with operating the ANG support aircraft, operating costs of the National Guard Bureau's Air Directorate, real property maintenance funds, and base operating support funds for the eight bases for which the ANG is host or single manager (e.g., Buckley, Ellington, Forbes, Otis, Portland, Rickenbacker, Selfridge, and Duluth). There is program growth of $.3 million and price growth of $-1.3 million for this activity. The major program increase is for Contract Logistical Support of C-22A and C-12F aircraft ($+6.7 million).

The various program increases were offset by one-time costs incurred in FY 1985 such as the C-22A refurbishment ($-4.3 million), completion of JT3D reengining ($-17.2 million), and Real Property Maintenance ($-6.4 million).

The following table shows manpower data for FY 1984-1986.

(End Strength)

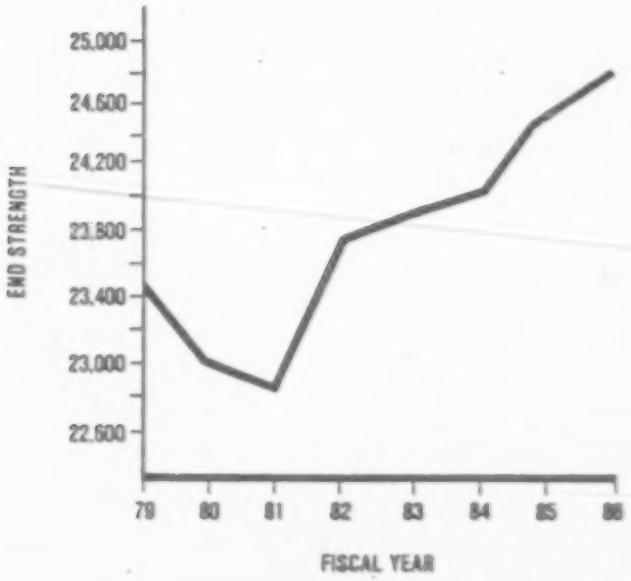
	FY 1984	FY 1985	FY 1986
Military	105,012	107,690	110,859
Civilian	24,045	24,478	24,869

The increase in military end strength between FY 1984 and FY 1986 is driven by force structure changes, additional communications personnel, A-7 munitions, medical requirements,

weather technicians, and the PRIME RIBS (Readiness In Base Services) mission.

The fluctuation in ANG civilian end strength from FY 1979 to FY 1986 shown in the next chart is due to increased manning requirements caused by increases in ANG missions and equipment.

CIVILIAN PERSONNEL
O&M, NATIONAL GUARD



AIR NATIONAL GUARD FLYING UNITS

MDS	FY 84	FY 85	FY 86
A-7	14	14	14
A-10	5	5	5
C-130	19	19	19
EC-130	1	1	1
HC-130	2	2	2
F-4 (TAC)	14	15	13
F-4 (ADTAC)	6	7	7
F-15	-	-	1
F-16	-	-	2

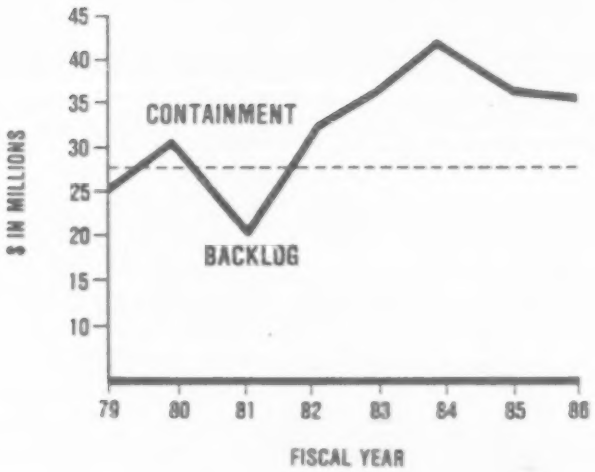
AIR NATIONAL GUARD FLYING UNITS

MDS	FY 84	FY 85	FY 86
F-106	5	4	4
KC-135	13	13	13
O-2	1	-	-
C-5	-	1	1
OA-37	3	3	3
RF-4	7	6	6
Total	91	91	91

Depot maintenance costs have increased for the Air National Guard due to inflation and increasing sophistication and complexity of ANG aircraft. Growth since FY 1979 is shown on the following chart:

The following chart shows the backlog of facility repair and maintenance since FY 1979. The Congressional "containment"

FACILITY MAINTENANCE & REPAIR BACKLOG
O&M, AIR NATIONAL GUARD



OPERATION AND MAINTENANCE, AIR FORCE RESERVE

The mission of the Air Force Reserve is to develop and maintain operationally ready combat units, mission support units and individuals that are available for active duty in time of war, national emergency, or other threats to our national security. To accomplish this mission, the Air Force Reserve conducts a comprehensive program of recruitment, training, and operations. The force structure consists of 36 equipped flying units, 18 non-equipped associate units flying C-141, C-9 and C-5 aircraft assigned to the Military Airlift Command, three non-equipped KC-10A associate tanker units assigned to the Strategic Air Command, and 172 mission support units.

Operation and Maintenance funding provides for the day-to-day operating expenses of Reserve bases and units, including pay of civilian personnel, aviation and ground fuels, depot maintenance, supplies, and other expenses required to carry out the Reserve mission.

The following table shows O&M, Air Force Reserve funding for FY 1984-86:

Budget Activity	($ Thousands) FY 1984	FY 1985	FY 1986
Mission Forces	$507,059	$518,262	$592,661
Depot Maintenance	136,067	210,212	162,621
Other Support	139,852	152,787	154,418
Total	$782,978	$881,261	$907,700

The increase in funding requirements in FY 1986 includes price growth of $29.0 million. Program increases are the result of a full year's operation of aircraft conversions that occurred in FY 1985 plus additional mission changes in FY 1986. Mission changes to enhance readiness and wartime capability occur in C-5 Strategic Airlift units ($+19.7 million); KC-10 Tanker Cargo ($+11.4 million); C-141 Strategic Airlift ($+2.0 million); F-16 Tactical Fighters ($+1.2 million); A-10 Tactical Fighters ($+3.1 million); F-4 Tactical Fighters ($+2.6 million); and Civil Engineer, Aerial Port, Combat Logistic Support Squadrons, Aeromedical Evacuation and Medical Service Units ($+2.3 million). Depot maintenance program growth ($+8.3 million) is related to the addition of C-5, C-141 and C-130H aircraft to the Air Force Reserve inventory and increased structural repairs on the aging C-130 and F-4 fleets. Increased base operating support and real property maintenance requirements support the more modern aircraft inventory and the continued strength build in the Air Force Reserve ($+2.8 million). These increases have been offset by a one-time FY 1985 Congressional add to depot maintenance to reengine Air Force Reserve KC-135 aircraft with JT3D engines ($-56.0 million) and F-4 upgrade ($-1.0 million). The following table shows manpower data for FY 1984, FY 1985 and FY 1986:

	(End Strength) FY 1984	FY 1985	FY 1986
Reserve Military	70,318	74,829	77,400
Civilian	12,297	12,853	13,545

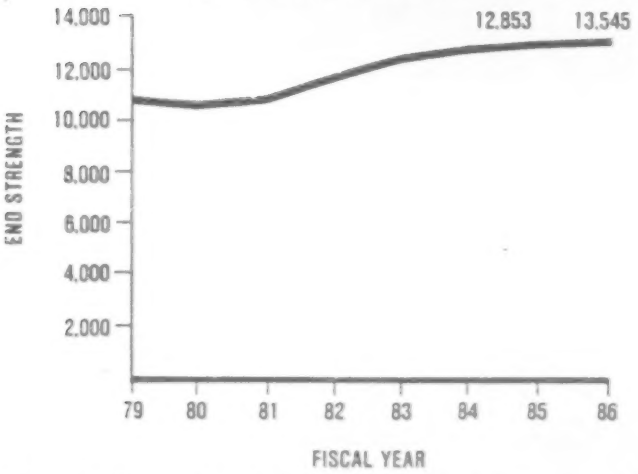
The major changes between FY 1985 and FY 1986 are primarily the result of the increased force structure (C-5, C-141, KC-10), and readiness (aerial ports, civil engineering).

AIR FORCE RESERVE FLYING UNITS

	FY 1984	FY 1985	FY 1986
FLYING SQUADRONS			
KC-135	3	3	3
C-130	15	15	14
WC-130	1	1	1
HH-1/UH-1	1	-	-
HC-130	1	-	-
HH-1/UH-1/HC-130	-	1	1
HH-3/HC-130	2	2	2
CH-3	1	1	1
AC-130	1	1	1
F-4	5	5	5
F-16	1	1	1
A-10	5	5	5
C-5	-	1	1
C-141	-	-	1
ASSOCIATE SQUADRONS			
C-141	13	13	13
C-5	4	4	4
C-9	1	1	1
KC-10	2	2	3
TOTAL	56	56	57

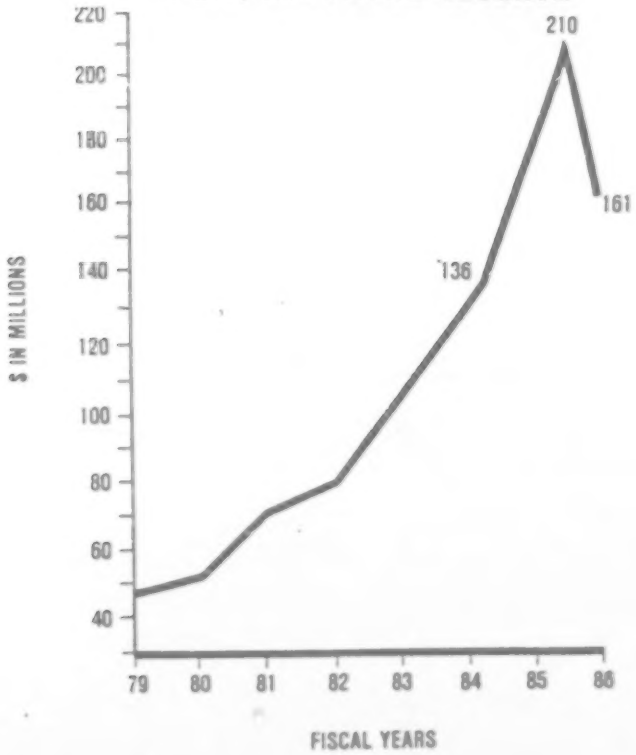
The following chart shows that the Air Force Reserve civilian end strength has grown slightly over the past seven years.

CIVILIAN MANPOWER
O&M, AIR FORCE RESERVE



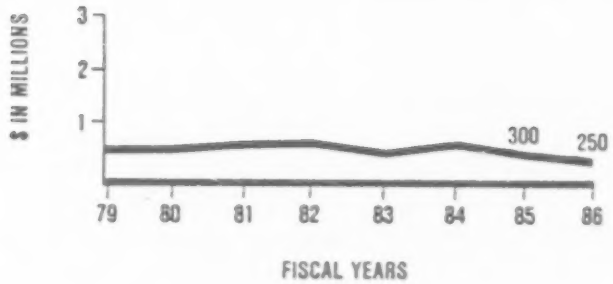
Depot maintenance costs have grown steadily since FY 1979 because of inflation, the increasing number and sophistication of aircraft, and the increasing average aircraft age. The FY 1985 peak represents Congressionally added funds for JT3D reengining and F-4D upgrade.

DEPOT MAINTENANCE COSTS
O&M, AIR FORCE RESERVE



The backlog of facility repair and maintenance has been reduced since FY 1979, as shown in the following chart.

FACILITY MAINTENANCE & REPAIR BACKLOG
O&M, AIR FORCE RESERVE



CONCLUSION

This concludes my overview of the FY 1986 Air Force O&M budget requests. The FY 1986 O&M budget is a carefully developed, austere estimate of the resources needed to support a balanced program of aircraft, flying hours, missiles, manpower levels, space programs, and base structure. Your approval is essential to operate and maintain a modern, well-trained and combat-ready force.

Thank you for your interest and support.

Mr. DANIEL. Thank you, sir.

Let me ask a general question, if I may, then anyone who cares can respond to it.

This has been an interesting discussion we have had here today on readiness. I think we need to look at the threat now and also to the additional responsibilities that we have taken on, the country has taken on, since 1980. It actually started about fiscal year 1980. As you recall, President Carter brought under the umbrella the Persian Gulf, Southwest Asia. Then President Reagan endorsed that and also brought under our responsibility the Caribbean area.

What has this done to readiness? Has this been taken into account? Has this been put into the equation when we talk about readiness?

I realize it doesn't affect your weapon systems, but I am wondering in general terms what does this do to us insofar as readiness is concerned?

General MARQUEZ. I guess that is hard to correlate in that particular manner. I guess what I would answer is that we have looked at the additional requirements for missions that have been levied on the department, either geographically or whatever, have worked the problem of force structure to be able to cover those and then have carefully submitted at the same time the requirements necessary in terms of people, supplies, parts, maintenance and so forth to sustain those forces, and then as we do our planning in working toward the defense guidance, which are scenario dependent to a great extent, we have been trying to achieve those degrees of capabilities called for by that.

Now, how they are employed, et cetera, would be a package——

Mr. DANIEL. It has to do more with force structure than it does——

General MARQUEZ. Yes sir, I believe I would say that.

General HAMM. Certainly it does. I think from an operator's point of view, maybe one of the biggest impacts is in the area of training, which is of course directly related to our ability to go and fight. The more tasks we are asked to do, the tougher it is to practice all those. About all you can do, given the fact that we are overtasked in a number of areas, is establish priorities and say we will do them in this order, and quite frankly, that means when you get to the bottom of the list, you can't do that as well as you can do the top.

General MARQUEZ. A significant area, if you look at readiness, I would say that of course we have concentrated quite a bit on Southwest Asia, the Persian Gulf scenario, and that has led to some of the concerns voiced earlier about not enough fuel pre-positioned there. There is a lack of infrastructure in that part of the world.

As we look down to the Caribbean Basin, as you recall we vacated our base in Puerto Rico and we are looking at having to come out by treaty reasons out of Panama, and so our ability to project forces down into the Caribbean is a little bit inhibited by lack of infrastructure. We may have to look at something there. So it is forces available infrastructure in the area in which you are going to operate that creates larger requirements for us to sustain.

On balance, I would say that there has not been a reduction in readiness. However, it has been given a larger barrel to fill. So it has inhibited our ability to fill that barrel as rapidly as we would like.

Mr. DANIEL. And while you may not want to comment on this—I can understand if you don't—General, I believe it was a few days ago, there was talk about moving the Naval facilities in Clark, closing Clark Air Force Base and moving it to Guam. That will give us some more headaches I would say.

General MARQUEZ. Yes, sir. I would rather not comment on that.

Mr. DANIEL. I would rather not raise it. It is a problem I hope we never have to face.

General MARQUEZ. Clark, by virtue of its strategic location, is absolutely essential to us all.

Mr. DANIEL. General Worrick, if I understood you correctly, you indicated that roughly 2½ percent of our increase was migration, is that correct?

General WORRICK. That is correct.

Mr. DANIEL. Let me ask you another question about this business of space. It seems to me it is becoming a larger and larger claimant in the accounts, the trend doesn't appear to be leveling off. What effect will there be when the last of the expendable launch vehicles are exhausted?

General WORRICK. Well, you mean the ones already in the inventory?

Mr. DANIEL. Yes sir.

EXPENDABLE LAUNCH VEHICLES

General WORRICK. There is in the procurement account right now, there is a plan to procure additional ELV's and, of course, you know we are relying pretty heavily on the space shuttle itself, but that is the reason for the procurement program, because we may not be able to rely completely on the space shuttle.

Mr. DANIEL. Are you satisfied now or reasonably satisfied that you have a proper balance between your O&M and our investments? I believe you indicated you were——

General WORRICK. Yes sir. In the O&M account, as you know, there are always a few accounts that can take more funds, but to get the program on the street and maintain the levels that we have programmed in the fiscal year 1986 budget, there are sufficient O&M dollars to do that. If we had additional dollars we of course could dig into the backlog a little bit deeper, real property maintenance, and we could probably reduce the depot maintenance backlog somewhat, but on balance, sir, we feel comfortable with the amount of money in the fiscal year 1986 budget.

Mr. DANIEL. Mr. Spence.

Mr. SPENCE. Yes, Mr. Chairman.

A few years ago we came back from a trip out in the Pacific. We were talking to people in the Air Force out there, and someone made the statement that if our airplanes went out—fighter aircraft, I guess—and came back, they probably wouldn't have enough to reload. That always worried me. Have we done anything to improve that?

General MARQUEZ. Yes, sir. Several years ago, they had ample cause for concern. As you noticed on General Hamm's chart the growth in missiles were up to 13,000.

General HAMM. Yes sir, about 11,000 over the 4-year period.

General MARQUEZ. Yes. We have been very rapidly redressing that particular problem. We were short in air munitions—specifically air-to-air missiles—both of IR and the radar missiles. We have had a very heavy program going on production, of course. That production rate has been tempered by the fact that we also had in development a better missile—AMRAAM missile—so one tends to keep a steady production rate going but still reserve some in the inventory to acquire a newer and better capability. As we see a slip in AMRAAM, of course we have extended the AIM-7 line to continue buying radar missiles.

That concern that was voiced to you 3 or 4 years ago was valid at the time, but that has diminished I say by well over half, and al-

though our levels are not yet where we would like them to be, our production rates are about optimum right now.

Mr. SPENCE. That also applied to ammunition for cannons and guns and bombs and so forth?

General MARQUEZ. We have increased our stocks in all kinds of munitions. Right now, we have ample munitions. Our only imbalance now is that we would prefer to have more precision guided munitions than we own. We have a lot of dumb bombs, we have a lot of guns, we don't have enough precision guided munitions. Again we are tempering our production quantities of those with the eye to keeping a solid, strong production base and still leave room in the inventory to acquire the preferred munitions which we have had under development for the last 4 or 5 years.

On balance, we have plenty of munitions. We are short in the preferred munitions, but on balance, I think we have got a healthy program toward getting well.

Mr. SPENCE. There has always been concern about simulators and so forth and dropping dumb bombs and that kind of thing. Do we have a lot of firings? Are we allowed to have what we should have from the standpoint of live firings for missiles and cannons and the guns and so forth?

General MARQUEZ. We have a pretty good—I prefer General Hamm to answer that. He is in the operations side.

General HAMM. Yes, sir. We do have what we call a weapon system evaluation program. We fire missiles for test purposes, but also for training purposes as a byproduct, and we have so many allocated each year to just make sure they work and work properly, and work on tactics, and train the people that shoot them. We are going to start that—we are getting underway to do that with the air-to-ground munitions. Now that we have gotten more sophisticated munitions, it is important to continue to test those too, and again, the byproduct of that test program will be training for our aircrews.

Mr. SPENCE. I always remember back—I read about it more than anything—of World War II when a torpedo hadn't been fired live so it took a long time before they realized they weren't even being effective when they fired them, and to correct that problem—we had people training with broomsticks and stuff instead of rifles—and so I just hope we learned a lesson back in those days and we fire things live to make sure they work.

General HAMM. When they cost as much as they do nowadays, you have to fight that sentiment. Even though they cost a lot, you have to drop some from time to time.

Mr. SPENCE. Thank you.

Mr. DANIEL. General Worrick, I understand you have a specialist with you who can address the Environmental Restoration Program?

General WORRICK. Yes sir.

Mr. DANIEL. Could we hear from him at this time?

General HAMM. Major Heywood.

Mr. DANIEL. Would you come forward, please?

Major HEYWOOD. Yes, sir.

Chairman Daniel, members of the committee, I am Maj. Seth Heywood.

Mr. DANIEL. Welcome to the committee.

STATEMENT OF MAJ. SETH HEYWOOD, AIR FORCE ENVIRONMENTAL DIVISION

Major HEYWOOD. Thank you, Mr. Chairman.

As I started to say, I am Maj. Seth Heywood, from the Air Force Environmental Division and I am the Program Manager for the Air Force, what we call Installation Restoration Program, which is in the very same category as environmental restoration.

Mr. DANIEL. We appreciate your attendance and your contribution to this hearing.

Major HEYWOOD. Thank you.

This afternoon, what I would like to do for you is just give a brief summary of what the program is about and sort of how we are organized and then address any questions that your committee members have.

INSTALLATION RESTORATION PROGRAM

The Installation Restoration Program is a formal, comprehensive program that consists of four phases. The primary purpose of that program is to identify, fully evaluate, and correct pollution problems that resulted from past waste disposal practices. These are disposal practices that have the potential at least to result in harmful effects to human health and natural resources.

It is closely parallel to the EPA Superfund Program. It is driven by the same public law, the Comprehensive Environmental Response, Compensation, Liability Act of 1980.

Having said that, I think it is important to realize, too, that our terminology is a little bit different than what EPA uses. We talk in terms of four phases. I believe the EPA program is a three-phase program. But essentially what we do and the way we approach the problem ~~is very~~, very similar.

Mr. DANIEL. What are the differences in the phases, what do they do that we are not required to do or vice versa?

Major HEYWOOD. The primary difference, sir, is in what we do. The Air Force refers to it as phase 3, which is a research and development part of the program, and what we do there is try to develop technology or guidelines for cleanup standards that do not exist, and to my knowledge, that is the big difference between the programs.

Mr. DANIEL. Thank you.

Major HEYWOOD. The rest of it is pretty much the same, as I said before.

Now, the Air Force program or the universe that the Air Force is dealing with right now is 159 installations. We started the program in late 1980 after the law was passed and the resources that are used to fund the program or the cleanup actions comes from what you may have heard referred to as defense environmental restoration account. That was a congressional initiative in fiscal year 1984, continued into 1985, that provided an acceleration of funding for cleanup actions.

Second, sir, that is all I had prepared to present this afternoon, but I would be pleased to answer any questions.

Mr. DANIEL. Do you have any priority projects ongoing, or anything that you intend to get into in the immediate future?

Major HEYWOOD. Yes, sir, quite a few. Maybe the best way for me to try to put that in seriatim perspective for you is this year the Air Force program is about $132 million. Of that amount of money, approximately $80 million is being spent for actual cleanup actions at Air Force installations throughout the United States.

Our priorities are set by considering numerous factors: Degree of contamination and how fast it is moving. Normally, we are dealing with underground contamination of some sort, nearness of population that might be affected, and numbers of people that could be affected.

As you may have heard, Department of Defense facilities or installations are now being scored, using the EPA criteria for the national priority list. We have, I think it is, six or seven installations that we scored and would have made the list, if you will, even though the Superfund money is not available to us.

That is another factor that is considered in setting the priorities and then we take all that and match it with how far along we are on confirmation definition of what the problem is and define the corrective actions and establish priorities based on all those factors.

Mr. MCELHANON. If I might, the progress that of course, as you go essentially through the phases, I think you do have a scoreboard on where we are and how many bases we have done phase 1, 2, 3, and 4 on that might be useful to the committee. We have been working this program and it is essential that first you go to phase 1, which is research, to see if we have something there; and phase 2, the environmental people look at to see if they have a problem; 3, you have an R&D effort. Part of our difficulty with the whole area has been there is an absence of standards in some cases to what is actually harmful, in which case some people would try to drive you to clean it up to the level of detectability. In the absence of those kinds of standards we need to evolve some and try to get them incorporated by the medical community.

And finally, of course, there is the actual mission to go ahead and clean it up. We have made a lot of progress through the four phases. We have presently 30 or 40 installations which are already to start. I will turn that back. Do you have the numbers?

Major HEYWOOD. Yes, sir. The number of installations in different phases are 139 identified for phase 1 requirement; 157 presently underway; 52 are completed.

And phase 2, which is really monitoring, sampling, and testing, we have a requirement identified to date of 83 installations, 81 underway and 2 are completed.

Phase 3 does not necessarily have to follow in sequence. If the technique is needed or effort is required, phase 3 becomes a supplier and can support either the phase 2 efforts or phase 4, which is the final cleanup.

Phase three; we have three in progress at the present time.

That may be a little misleading, sir, because we have a more extensive research and development effort down in our laboratories. The number of three just counts installations where we have some efforts underway.

The phase 4 cleanup actions, or remedial action, which is the term the EPA uses, again we have 40 identified and 39 underway at the present time.

I think it is also significant that, although we try to in most cases attack this program in systematic, phased steps, at any time where we can identify a contamination problem, particularly if it has some effects on human health, we will immediately go to a phase 4 and initiate cleanup or corrective action.

Mr. DANIEL. Who has the responsibility of identifying the agents we are in search of?

Major HEYWOOD. I am sorry. The agents, the chemicals?

Mr. DANIEL. Yes, sir; is that the Air Force or is that the medical area? Is that EPA?

Major HEYWOOD. I believe the short answer is yes to all of those.

Mr. DANIEL. All of those?

Major HEYWOOD. The regulatory——

Mr. DANIEL. Probably more?

Major HEYWOOD. Yes, sir; the regulatory authority.

Mr. DANIEL. That is the answer I expected.

Major HEYWOOD. Yes.

General MARQUEZ. It gets quite complex as we deal with the authority vested in the States, the authority vested by EPA in the standards. Then we are dealing with all 50 States and some territories and then of course, in trying to deal with all the agencies, it can become a rather difficult thing.

Notwithstanding that, in each and every location we will make every effort to clean up to the standards either EPA has set or already set, or the State has levied, whichever are the most stringent.

Mr. DANIEL. Major, we appreciate your coming here today because we are going to have an indepth examination of this subject I believe on April 4, is it not; that we are going to have that hearing?

Mr. LUNGER. Yes, sir.

Mr. DANIEL. What you have given us is very helpful and we appreciate your attendance.

Major HEYWOOD. Thank you very much.

Mr. DANIEL. Mr. Spence, do you have any additional questions?

Mr. SPENCE. No.

Mr. DANIEL. Does staff have any additional questions?

Mr. EASTMAN. Thank you, Mr. Chairman.

As you indicated earlier, there are some questions that have been prepared by the staff that will be submitted for the record. There are two I would like to take this opportunity to give the Air Force a chance to comment on at this time.

General, you may be familiar with a study that the Congressional Budget Office has done suggesting that there are some pretty sizable reductions that can be made in the O&M requests for the Department of Defense. CBO's suggestion is based on a defense resources model that they measured level of effort to support current and projected equipment inventories for facility things like in the case of the Air Force CB estimates that you could reduce by about $600 million for next year.

Have you all examined that study and what do you think about it, and what kind of impact would that reduction have?

General WORRICK. I am not familiar with that particular study, Mr. Eastman, but I do know that a $600-million reduction in the Air Force O&M account would be devastating.

Mr. EASTMAN. That study is a matter of public record and is contained I think in two publications that the CBO has issued this spring.

General MARQUEZ. We will look at it.

Mr. EASTMAN. The second issue that I would like to get your comments on is that I think we all know that of course the fiscal year 1986 budget request that has been submitted by the administration includes a 5-percent reduction in civilian personnel pay. I think that on a number of occasions this committee, as well as other Members of Congress, are on record as having said they don't think that that will be approved by the Congress.

Our analysis and staff suggest there are probably three or four obvious ways of dealing with that—how to restore the 5-percent reduction that is built into the budget. One of those would be to reduce the number of civilian people in order to compensate for restoring that pay cut. Another might be to offset the civilian restoration of civilian pay cut by reducing the planned military pay raise for fiscal year 1986. Or another might be perhaps a supplemental that would be submitted by the Department of Defense.

Do you all have any particular preferred approach on how to deal with that—the restoration of that proposed pay cut?

EFFECT OF CIVILIAN PAY CUT

General MARQUEZ. We have no formal approach. Of the three you mentioned, of course the latter, the third one seems more appropriate to us. We would have to in the case of civilian pay, the first alternative mentioned can be done but as you know, we are operating without civilian end-strength ceilings, and so it would be possible for us to perhaps reduce the numbers. Whether you can do that without going into the RIF situation and those kind of things that cause great perturbation is debatable. But we don't have at this time from the Department side a plan or a program by which we would absorb that sort of reduction.

General Worrick says a reduction of that kind would be rather devastating to our work force.

General WORRICK. I would like to add one comment. Can I go back to the slide I threw up at the end?

If we cut the pay or cut the people, then you get an unbalanced program. The people are there to support the program. If you just take the end strengths without reducing some particular program in the Air Force, then we get unbalanced.

The solution, as General Marquez says, hopefully we wouldn't have to go through the supplemental process, hopefully the reviews and hearings and the expertise of the staffs would put that money back if they felt that that is the way it should be, but it would be really—in fact we talked about that before and that is why I used the word "devastating" on the $600-million figure you mentioned for the O&M accounts in the Air Force.

The pay raise equated to $242 million, and to absorb that size of what I could call nonprogrammatic reduction, would really cut into the programs of the Air Force. I would say that there is just no way of doing it without unbalancing what we feel is a fairly balanced program right now.

Mr. EASTMAN. Thank you.

Thank you, Mr. Chairman.

Mr. LUNGER. Sir, one that we can handle in open session, and one that might better be left to informal discussion with General Hamm.

Mr. DANIEL. I intend to do that.

Mr. LUNGER. If I can dispense with that one question in the open session.

Mr. DANIEL. Yes sir.

Mr. LUNGER. General Hamm, we were interested to see the recent speeches presented at the Air War College. The thrust of an awful lot of that seemed to be that fairly strange inference that the Air Force is literally operating out of any role in low intensity conflict, its intuition is going away from that whole lower end of the spectrum of warfare and it seemed to be a fairly cogent case made in some of the material presented there.

Would you care to comment on that in the context of Air Force readiness? In your judgment, is the Air Force going to continue to be ready to participate at the lower end of the spectrum in war or is it something that it is going to be moving away from?

READINESS

General HAMM. Well, very definitely the Air Force is going to continue to participate. Of course, the core force that we use to participate in low spectrum is our special operations forces. But there is a flexibility in air power which lends many of the forces to participate in low-intensity conflict, so we are looking not only at the special operations but at the ranges of forces, and how we can be prepared to fight that part of the war too.

Mr. Koch's speech notwithstanding, prior to that a new initiative, which was sponsored by the Chief of Staff, General Gabriel, has us looking at establishing a low-intensity combat center, recognizing that we probably have not stepped up to the problem as well as we might have in the past and we need to address that, and we need to figure out the best way to take low intensity combat on.

Mr. LUNGER. Thank you.

Mr. DANIEL. The chair is very pleased to note the presence today of Mr. McElhanon. Mighty glad to have you here. You have made a good contribution to the work of this subcommittee and you have our very best wishes for a rapid and complete reovery.

Mr. MCELHANON. Thank you, sir.

Mr. DANIEL. Very happy to have you.

[Off the record.]

[The following questions were submitted to the witnesses to be answered for the record:]

BELOW-DEPOT MAINTENANCE

QUESTION: What benefits can be identified as a result of the $10 million spent on reliability centered maintenance for below-depot maintenance since 1974?

ANSWER: The original emphasis with which we were introduced to the RCM program in 1974 was one of cost savings and increased mission readiness, with timely implementation as the prime mover. After a number of aircraft were converted to RCM, benefit assessment studies were directed. Evaluations were completed on the C-141, B-52, and KC-135. Advertised savings were not substantially verified. However, it was subjectively discerned that advertised benefits may have occurred. The problem of assessment resulted from the fact that (1) the available data systems were not designed for assessment and (2) virtually every potential indicator of benefits is tied to a multitude of causative factors that frequently overlap. The fact that we had already instituted programs such as the Maintenance Manager Review Program (MMRP) and Maintenance Requirements Review Board (MRRB), which had similar objectives to RCM, has added to the difficulty of identifying benefits directly linked to RCM. Also, there is very little opportunity for further cost reductions when aircraft are high in their life cycle. Because of these previously initiated programs, and other offsetting influences in maintenance, benefits specifically attributed to RCM are unidentifiable.

BMAR GROWTH

Question: General Worrick, in your statement you indicate that funding for Real Property Maintenance increased in FY-86 over the FY-85 level and yet the level of backlog also increased comparing 1986 to 1985. Don't you think that reducing that backlog is important, and if you do, why isn't there sufficient 1986 funding to keep BMAR on a declining trend?

Answer: Reducing the backlog is important; however, there are many competing requirements for limited resources. The Air Force has presented a budget with a balanced program. We recognize the costs of deferring work on our physical plant, however hard choices are necessary to balance force modernization initiatives with readiness and sustainability. As you have noted, we have included in our FY 1986 budget request an increased level of funding for maintenance and repair facility projects by contract -- about 10% over the FY 1985 amount. In addition, we have built into our future funding a level of real property maintenance support that will achieve a reduction in the BMAR to about the $300 million Congressionally directed containment level by the end of FY 1991.

Depot Maintenance "A Key Readiness Program"

Question: General Worrick, in your statement you indicate that depot maintenance is "a key readiness program" and that funding for that area increased in 1986 compared to 1985. However, the backlog of depot maintenance also increased in 1986 compared to 1985. Why doesn't your budget include sufficient FY 86 depot maintenance funding to keep the backlog on a declining trend?

Answer: Our long-term trend in depot maintenance backlogs is a declining one, if we compare FY 1984's actual backlog of $179M

to our estimated FY 1986 backlog of $60M. We would like to have reduced the FY 1986 backlog further to be more in line with our FY 1985 estimate, but the competition for funds did not allow that. I must emphasize that the increased backlog from FY 1985 to FY 1986 is not caused by a reduced priority for depot maintenance but reflects results of actions late in the PPBS cycle to fund other vital programs. We are, of course, continuing to assess our FY 1986 requirements and hope to be able to reduce them and the resulting backlog as we did in FY 1985.

Funding for Purchase of Other Procurement Items

Question: On page 3 of your prepared statement, you indicate that the fiscal year 1986 request reflects the transfer of funding responsibility totaling $82.1 million associated with proposed revisions in the Air Force's expense/investment criteria. Since we are likely to be involved in a negative sum game this year in O&M, would you tell us what lower priority O&M items you would be willing to trade off if congress approves this transfer.

Answer: No O&M items are available for tradeoff without a program reduction. Looking at O&M in isolation results in the appearance of growth; however, this migration into O&M was offset by a corresponding reduction to the Investment Equipment Appropriation (3080). Disapproval would reduce O&M but increase the investment appropriation by a like amount. Real growth in O&M would decrease by 4 tenths of 1 percent while the net effect to the overall Air Force budget would be zero.

Environmental Restoration

Question: General Worrick, in your statement you indicate that this year's budget includes $96 million for Environmental Restoration. Can you give us an idea-even a ballpark figure - how that $96 million compares with current estimates of the total cost of Environmental Restoration in the Air Force?

Answer: The total estimated requirement for Environmental Restoration funding for FY 86 is $114.4 million and this figure is in the Air Force budget. $96 million is in the Operation and Maintenance appropriation. $13 million is in the procurement area for environmental restoration at government-owned - contractor-operated plants, and $5.4 million is budgeted in the Research, Development, Test and Evaluation appropriation for technology development. In other words, 84% in Operation and Maintenance, 11% in procurement and 5% in Research, Development, Test and Evaluation appropriations. We anticipate a requirement of approximately $115 million per year (excluding inflation) for the next 8 years for Air Force Environmental Restoration.

RELIABILITY CENTERED MAINTENANCE LOGIC AND METHODOLOGY

QUESTION: Does the Air Force have any plans to use reliability centered maintenance logic and methodology in determining depot work requirements now that DOD has reissued a directive requiring reliability centered maintenance?

ANSWER: The Air Force has used and continues to use RCM

logic in determining depot work requirements. Initial RCM analysis required review of all essential maintenance at each level (depot, intermediate, or organizational). When maintenance tasks are identified as a result of RCM analysis, they are placed at the appropriate level based on skill, equipment and other workload considerations.

MAINTENANCE MANPOWER STAFFING

Question: How can the Air Force begin realizing benefits from reliability centered maintenance if projected manpower savings are not validated and applied in making maintenance staffing decisions?

Answer: The projected benefits of reliability centered maintenance are applied in making maintenance staffing decisions. The actual manpower requirement is driven by a combination of factors such as the scenario, i.e., sortie rates; flying hours; the maintenance environment; failure rates; organizational structure; and minimum manning. There may be a savings in maintenance positions on a specific piece of equipment due to implementation of the reliability/maintainability concept, but the impact on the maintenance manpower authorizations usually is not a direct one to one ratio. The key is that in projecting maintenance manpower, all these factors, including reliability/maintainability, are taken into consideration as we develop our maintenance manpower requirements.

CAMOUFLAGE REPAINTING

QUESTION: In July 1981 the Military Airlift Command (MAC) initiated programs to camouflage paint its C-141, C-130 and C-5 aircraft. At least for the C-141 this has resulted in aircraft being repainted within a shorter than normal cycle and without regard to the condition of paint already on the aircraft. Prior to this program aircraft coming into the depot were visually inspected and scored on the condition of their paint, and only aircraft with qualifying scores were repainted. As a consequence of the shortened timeframe, the depot has contracted the repainting of some aircraft, and may spend about $4 million for this effort by fiscal year 1986. What consideration was given to allowing the camouflage repainting to coincide with the depot's normal repainting requirements, and why was it not allowed?

ANSWER: The C-141 conversion program was initiated to improve the survivability of our critical airlift assets. The scheme was optimized for the ground environment in the European Theater and meshed with the USAFE airfield "tone-down" program.

HQ USAF recognized the need for timely conversion and directed that the program should be completed by the earliest practicable date without disrupting other programs managed by Warner Robins Air Logistics Center (F-15/C-130) but NLT FY86. This action effectively recognized the urgency of the requirement yet set a reasonable time frame for completion. This program direction was both prudent and appropriate and remains so. We weighed the additional costs incurred contracting out painting requirements that exceeded our organic capability. The urgency of our operational requirement, on balance, justified those expenditures.

UP-DATING CMIP

QUESTION: In Fiscal year 1984 the Warner-Robins Air Logistics Center (ALC) contracted with Lockheed-Georgia for an update of its computer monitored inspection program (CMIP). The Air Force Logistics Command (AFLC), however, is encouraging all ALC's to utilize an in-house developed automated data system. The contract for up-dating CMIP will cost $300,000. Why was the ALC permitted to award this contract.

ANSWER: Warner Robins Air Logistics Center (WR-ALC) was allowed to update its computer monitored inspection program (CMIP) because it was already operational and functioning, and was providing inspection interval and scope updates superior to those projected from the in-house effort. The in-house effort was due to be operational during the fourth quarter of FY85. Rather than lose the data base created, it was decided by both WR-ALC, and Headquarters Air Force Logistics Command, to continue and update the operational CMIP for use on weapon systems managed at WR-ALC.

Timeframes for Implementation of Reliability Centered Maintenance

Question: What timeframes have been established for the full implementation of reliability centered maintenance to all fielded systems and major equipments/components?

Answer: The question implies that RCM is a specifically defined, one-time, event. Rather, RCM is a decision logic process which requires continuous monitoring of failure data, condition, and aging effects, with concomitant adjustments to maintenance requirements. The Air Force was a pioneer in the use of this type logic starting in 1960, long before the Air Transport Association developed MSG-2 as their guide to RCM in 1968. On February 19, 1962 the Air Force reported to Congress that the FY 1963 budget had been reduced $26.8 million as a result of eliminating unnecessary maintenance. On August 1, 1973 the Air Force again reported to Congress on its efforts to reduce maintenance costs by eliminating depot cycles on many aircraft, extending the interval on others and reducing the scope of work on those that remained on a cycle. At that time we reported that the O&M, Air Force. budget for FY 1974 would have been $63.1 million greater had these actions not been taken. Again, on May 9, 1979 the Air Force advised Congress of RCM actions taken recently to reduce maintenance costs of aircraft, missiles, engines and other major equipment. We also advised that newer systems had been subjected to RCM analysis and a determination was made that no depot cycle was required. This includes A-10, F-15, F-16 and E-3A. Many reports were made to Congress on RCM actions over the past 24 years, not limited to only the instances cited above. Thus, we have demonstrated a long history of eliminating unnecessary maintenance actions, while protecting the safety, capability and airworthiness of our aircraft. Once a baseline maintenance program is established for new systems, either before production or after they have been delivered, we use Durability and Damage Tolerance Assessment (DADTA), Analytical Condition Inspections (ACI), fatigue analyses, corrosion analyses, failure data and effects analyses, flight loads recorder data, and actual condition observations to refine the work content of prescribed maintenance programs.

In summary, the Air Force is proud of its record in applying the principles of RCM to the maintenance programs for all equipment having maintenance expenditures sufficient to justify

the costs of the RCM analysis. For those systems now under RCM, and those entering the inventory, constant surveillance will be used to make refinements to the maintenance requirements when engineering analysis indicates. Setting timeframes for completion of RCM is not pertinent as it has been and continues to be an ongoing program.

GOALS, OBJECTIVES AND CRITERIA

QUESTION: What goals, objectives and criteria have been established against which you measure the progress and success of your reliability centered maintenance efforts?

ANSWER: The goals and objectives of RCM include:

- Reduce scheduled maintenance
- Decrease required manhours for support
- Increase aircraft availability without affecting flight safety or reliability
- Establish design priorities that ease preventive maintenance
- Ensure the realization of inherent equipment safety and reliability levels
- Restore equipment safety and reliability to inherent levels when deterioration has occurred
- Identify items requiring design improvement when the inherent safety and reliability levels prove adequate
- Accomplish these goals at the least expenditure of resources

Reporting Savings and Other Benefits

Question: When will the Air Force be in a position to begin reporting savings and other benefits realized from applying reliability centered maintenance to depot and below-depot work requirements? Specifically, what actions have to occur before this can happen, and what provisions have been made for taking these actions?

Answer: The goal of the Reliability Centered Maintenance (RCM) program is to increase aircraft/equipment availability without affecting safety or reliability. In most, but not all, cases a savings was realized. The savings could be in depot-level costs, but below-depot costs would increase. In some cases the reverse was true, and in other cases savings were realized in both levels of maintenance.

It must be realized that RCM is not a defined event that has a specific start and stop time. Rather, it is a continuous refinement of inspection and repair requirements. At the same time, weapon systems are aging, modifications are being installed to enrich the weapon systems (with an attendant increase in systems to be maintained) or to improve reliability (reduction of maintenance costs), and time-compliance technical orders are issued to accomplish one-time maintenance actions. In order to be documentable, savings must be computed from a known baseline. However, because of all of these factors, it is impractical to compute savings against this fluctuating baseline for below-depot activities. On the other hand, we can compute savings for depot-level work for the changes made for an immediate year, but are unable to accumulate savings on a long term basis. Today, all new systems are subjected to RCM analysis during the acquisition cycle to determine the scheduled maintenance requirements. Because this is the baseline, there is no other set of requirements to compare this RCM-based program against for purposes of identifying savings.

COMPLIANCE WITH THE RECENTLY REISSUED DOD DIRECTIVE

QUESTION: What changes will the Air Force have to make to be in compliance with the recently reissued DOD directive requiring the use of reliability centered maintenance?

ANSWER: The Air Force had implemented Reliability Centered Maintenance (RCM) on almost all weapon systems and engines prior to the reissue of the DOD directive. In order to meet the direction given, we are in the process of updating our regulations and technical orders, and are examining the feasibility of applying RCM to ground support equipment.

WAIVERS

QUESTION: For which systems in the Air Force will waivers be requested?

ANSWER: Waivers may be requested on those systems which have a small inventory, and those planned for phase-out or are no longer in the Air Force active inventory. Equipment complexity and the cost of establishing and sustaining an RCM program are also factors which may justify a limited application or total waiver.

KEY TO REDUCING DEPOT MAINTENANCE

QUESTION: The Grumman study observed that the services still rely heavily on scheduled, or periodic, overhauls and perform standard amounts of work on equipment inducted into the depots. The study concluded that the key to reducing depot maintenance is to rely more on the condition of the equipment and do only the work necessary to correct its problems. What actions does the Air Force plan to take on this policy.

ANSWER: The Air Force agrees with the Grumman study concerning the use of the "on-condition" inspection to reduce maintenance. We have taken numerous steps to reduce depot and field level maintenance by basing required maintenance on the condition of the equipment. Toward this end, the engine monitoring systems technology has been advanced and is being applied to several existing engines and all new acquisitions. Further, new parts tracking and data management systems have been implemented which are essential for managing engines under the RCM concept. For aircraft, the Aircraft Structure Integrity Program (ASIP) is used to determine the overall requirements necessary to achieve structure integrity in our aircraft. These programs provide the foundation under which the RCM program has been implemented as discussed in the Grumman study.

ELIMINATING END STRENGTH CEILINGS

Question: General Hamm, as you know, the Congress eliminated civilian end strength ceilings last year after being assured by DoD that management by dollars rather than end strength was the best way to go. In your statement you indicate the Air Force plans a 10,400 person growth in the civilian work-force. How much of a dollar increase does that translate into and do you think that move is compatible with the spirit of eliminating end strength ceilings?

Answer: The 10,300 civilian strength growth is consistent with the spirit of eliminating end strength ceilings and is needed for Air Force programmatic missions. It translates to $137.4 million.

	Workyears[1/]	$000
O&M, AF	4,223	114,027
O&M, ANG	194	5,242
O&M, AFR	344	9,277
RDT&E	328	8,861
AFIF	-	-
	5,089	137,407

1/ Using normal procedures, only one half workyear was budgeted for each new "end-strength" for the manpower increases.

Civilians are an integral part of our Total Force picture, and the FY 86 increase is directly tied to growing force structure, improved readiness, enhanced resource management, and support for mission transfers to our reserve forces.

FUEL SHORTAGE IN EUROPE

QUESTION: General Marquez, on page 5 of your prepared statement, you indicated that despite improvements, the Air Force's current shortfall in fuel storage capacity in Europe is slightly less than one-third and is projected to continue throughout the current five year defense plan? What happens if you have to go to war before then?

ANSWER: The worldwide Air Force prepositioned fuel shortfall is projected at one-third of the worldwide requirement through the FYDP. The shortfall, however, varies by geographic area. In Europe, we project approximately a twenty percent shortfall through FY 1991. Our ability to initiate bulk resupply as early as possible and to accelerate resupply rates will be critical in offsetting the impact of the prepositioned fuel shortfall. Also, there may be fuel available from sources that our deliberate planning guidance does not consider as completely secure. Examples would include overseas refineries, commercial terminals and potential host nation support. Availability of refined products from these sources will augment those used in our planning and enhance the resupply potential. We continue to work support initiatives in these areas, while concurrently programming to improve our inventory posture.

CORE LOGISTICS

QUESTION: General Marquez, on page 3 of your prepared statement you indicate that the Air Force uses a logic tree methodology to determine which kinds of depot maintenance should be done in-house and what should be done by contract. Is this logic tree consistent with the Air Force's recommendations concerning those functions that should be designated "core logistic" in nature?

ANSWER: Yes. The objective of our logic tree and posture planning effort is to retain our minimum organic peacetime base required to assure support of readiness and mobilization. This minimum level of production and production support resources is what we have designated as our depot maintenance "core." Congressional recognition of the need for this organic minimum level core, and of the need to protect it against arbitrary manpower reduction is heartening.

EUROPEAN DISTRIBUTION SYSTEM - ARMY BENEFIT

Question: To what extent will the European distribution system (EDS) aircraft, once operational, alleviate wartime intratheater airlift or other transport shortfalls in Europe? For example, will the Army benefit from the existence of EDS being able to move more cargo on MAC's intratheater flights than it could if EDS did not exist?

Answer: The intratheater aircraft freed-up by the EDSA will make a contribution towards solving the current shortfall. The overall benefit to the users such as the Army is increased availability of air frames and cargo space.

COMMON USER SYSTEM UNDER MAC CONTROL

Question: Explain why a common user system under MAC control would not provide more effective airlift capability to meet the requirements of all wartime missions in the European theater and would not better support the fluid airlift requirements that will occur in wartime, for which there is a current shortage of up to 50 percent, according to some military estimates?

Answer: A common user system without the EDS would respond to a large number of priority requests to haul small cargo loads over short distances. The EDS allows the MAC common user system to be more flexible in meeting its wartime missions.

SUPPORT TO U.S. TACTICAL AIR OPERATIONS

Question: Does the dedicated status of the European distribution system presume that support to U.S. tactical air operations represents the most important U.S. wartime airlift mission in Europe? Why is this justified in view of the other high priority airlift needs in Europe in wartime?

Answer: Dedicating EDS to support U.S. tactical air operations does not mean that such operations are more or less important than other demands for wartime air cargo delivery. Instead, the EDS exploits the advantages of fast, efficient requisitioning and delivery of critical spare parts to markedly increase the availability of U.S. tactical fighter aircraft in a fluid wartime environment.

MILITARY AIRLIFT COMMAND AS SINGLE MANAGER

Question: How can the present European distribution system concept involving a dedicated Air Force system be reconciled with DOD's policy of having the Military Airlift Command, as single manager, provide common-user inter and intratheater airlift support to all services?

Answer: The EDS is not a departure from DOD policy that MAC will provide common-user airlift support to all Services, because the EDS aircraft are not part of the common-user airlift fleet, just as the Army's organic cargo fleet of CH-47s and the Navy's fleet of C-1s, C-9s, C-130s and others, are intended for Service unique logistics support needs.

LIGHT CARGO AIRLIFT NEEDS

Question: Why did the Air Force not consult the Army and Navy when planning for the European distribution system (EDS) to determine whether they also had light cargo airlift needs that could be effectively and efficiently served by EDS?

Answer: With respect to prior consultations with the Army and Navy when planning the EDS, none were necessary as the EDS, like the Army's organic cargo fleet of CH-47s and the Navy's cargo fleet of C-1s, C-9s, C-130s and others, are intended for Service unique logistic support needs.

Reducing Depot Maintenance Costs

Question: General Marquez, the cost of aircraft depot maintenance is a very big chunck of O&M. Does the Air Force have a program similar to the Navy's Aircraft Service Period Adjustment (or ASPA) program or any other method or plan to try and reduce depot maintenance costs?

Answer: Yes, the Air Force has had a program to reduce depot maintenance costs for over 20 years. In the early 1960's, the implementation of our maintenance management information system enabled us to initiate major reductions in depot work packages and extension of inspection intervals. Subsequent actions to repair assets only when broken resulted in virtual elimination of wasteful time change actions. By the early 1970's, all these actions evolved into the "Reliability Centered Maintenance" (RCM) concept which has also been successfully used by commercial aviation. RCM resulted in eliminating programmed depot maintenance (PDM) for 50 different aircraft series. extending PDM intervals for 40 different aircraft series and reducing all remaining work package requirements.

Today, PDM requirements are based on engineering forecasts from Analytical Condition Inspections and actual failure patterns. No aircraft receives any work not deemed absolutely necessary during an expert inspection upon arrival at a depot. Our entire maintenance management system is designed to minimize maintenance down time while insuring operational effectiveness and safety.

While the aging of aircraft tends to increase maintenance requirements, the percentage of aircraft requiring PDM is decreasing because aircraft designed with improved maintainability continue to enter the inventory. The F-15, F-16, A-10 and E-3A aircraft, for example, do not yet have a PDM cycle because of their relatively high maintainability and our success with the RCM concept.

Depot Maintenance by Organic Air Force Facilities

Question: General Marquez, in your statement you indicate that 48% of your depot maintenance is done by organic Air Force facilities, 49% by contractor facilities, and 3% by other military services. In view of the extensive organic and contract capabilities of the other services, do you think 3% is a reasonable level of depot maintenance to be performed under interservice agreement?

Answer: I am satisfied not only that our present rate of interservicing is reasonable but also that we are aggressively working with the other services to optimize our mutual support. We have an excellent program in which all acquisition programs and

modifications are introduced to the Joint Depot Maintenance Analysis Group (JDMAG) to determine potential for interservice support. Introductions for study have steadily risen to the current level of twelve per month. Recent initiatives include joint service contracting of F-4 and C-130 aircraft and the execution of an Air Force/Navy Memorandum of Agreement in which we will support the Navy's recently announced F-16 acquisition.

Our joint review has a high degree of integrity because the high cost of maintenance support necessitates using the most economical source of repair. It must be noted, however, that the portion of our maintenance requirements appropriate for consideration for interservicing is substantially less than our total maintenance requirements. We do not consider interservicing in the following circumstances:

- Strategic Triad-related workloads such as strategic missiles and B-52 and B-1 airframes
- Where cost analysis favors contractor support for the life of the system
- All service-unique items
- Non-availability to the government of proprietary data/information

While these exceptions are logical we do not use them blindly or to avoid interservicing. For example, we are currently evaluating the potential for repair of an Army-unique helicopter rotor blade using inspection and repair techniques recently developed at one of our Air Force depots. In this case it currently appears more cost-effective to repair the Army-unique item than to transfer the technology or to continue throwing the damaged parts away. This common-sense approach to interservicing suggests that we will not only continue to increase the mutual support of the services but will do it for the right reasons.

SPARE PARTS

QUESTION: General Marquez, in your statement you discuss the three basic categories of aircraft replenishment spares. (Peacetime Operating Stocks, War Readiness Spares, and Other War Reserve Materiel) Can you tell us what the inventory level of each of these categories is as a percentage of your desired goal, how much it would cost to reach 100%, and when you anticipate reaching 100% inventory?

ANSWER: We do not compute or set an inventory goal for the three categories of aircraft replenishment spares. Our annual inventory requirement is constantly changing as we add new aircraft, as failure rates change, as condemnations change, etc. We compute annual buy requirements by determining the gross requirement and subtracting items on-hand, on-order, and planned for repair. Our FY86 request fully funds our POS and WRSK/BLSS requirement. Our OWRM funding request has been constrained to 50% of the FY86 requirement.

Mr. DANIEL. Any further questions?

If not, the subcommittee stands adjourned until next Wednesday, March 27 at 10 a.m., National Guard and Reserves, and the meeting will be held in 2337.

[Whereupon, at 3:30 p.m., the subcommittee was adjourned.]

NATIONAL GUARD AND RESERVE OPERATION AND MAINTENANCE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Wednesday, March 27, 1985.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 2337, Rayburn House Office Building, Hon. Earl Hutto, presiding.

STATEMENT OF HON. EARL HUTTO, A REPRESENTATIVE FROM FLORIDA

Mr. HUTTO. The subcommittee will please come to order.

Chairman Daniel is in another very important meeting, so we will proceed until such time as he might get here.

I am pleased to have with us one of our colleagues—the senior member of the Armed Services Committee, Sonny Montgomery—here with us this morning.

Welcome, Sonny.

Mr. MONTGOMERY. Thank you.

Mr. HUTTO. This morning the subcommittee continues its review of the fiscal year 1986 defense operation and maintenance request with testimony from National Guard and Reserve representatives and outside organizational witnesses.

I want to begin by saying that we are delighted—and I was delighted when Chairman Daniel asked me to chair this morning. Nothing has given me more satisfaction than the dramatic improvements in the National Guard and Reserve readiness and capabilities over the past 5 years.

And judging from the prepared statements submitted for this hearing, that pattern of success is continuing. As you know, Sonny Montgomery has been the champion of the Guard and Reserves, so I am very pleased that he can be with us.

Equally gratifying is the fact that this is a case where Congress was right. Congress was right in its belief that the Guard and Reserves could play a larger role in national strategy and assume more relevant military missions. And Congress was right about the cost-effectiveness of expanding the roles and missions of the Guard and Reserves. Rarely, if ever, has the taxpayer gotten a better return in military capability.

However, we should temper this sense of self congratulation with the realization that much remains to be done. One only needs to review the Army statements to see that new mission requirements are far outstripping current and projected funding levels. Army National Guard and Army Reserve equipment shortages are so

great that there is no short term solution to the funding problem. Even in the case of 0&M-funded items like spare parts and organizational clothing and equipment, significant shortages remain that will take years to correct.

Moreover, we should not lose sight of the fact that there are practical limits to what missions we can ask the Guard and Reserves to assume. This is the down side risk from the success of congressional efforts to expand the roles and missions of the Guard and Reserves while holding down active force end strength and force structure.

If we are not careful, our zeal may lead us to provide additional missions without due consideration of available resources or operational imperatives.

By the same token, Guard and Reserves proponents should not ignore the current fiscal climate here on Capitol Hill. The prospect of a zero growth defense budget this year is all too painfully real. It will take the best efforts of this committee and like-minded members to keep that prospect from becoming reality.

Under the circumstances, asking for over a billion dollars in congressional add-ons for the Guard and Reserves would appear to be unrealistic.

It reminds me of the Japanese proverb about the man who was so concerned about the length of his beard that he failed to notice the samurai coming to take his head. We are going to have our hands full avoiding the samurai this year.

We are indeed fortunate to be able to draw upon the reservoir of expertise assembled in this room to provide the information and advice we need to do the best job possible in the short time that we have.

Mr. Martin, I will recognize you at this time for any remarks that you might have.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, READINESS SUBCOMMITTEE; PRESENTED BY HON. DAVID O'B. MARTIN, A REPRESENTATIVE FROM NEW YORK

Mr. MARTIN. Thank you very much, Mr. Chairman.

Earlier Mr. Whitehurst, the ranking member of the subcommittee, was here, and asked me to read a statement.

For my own part, I would like to say good morning to the gentlemen, and to welcome them here. Being the resident Congressman at the greatest all-weather training base in the World, Fort Drum, it is great to have your Guard and Reserve people coming up and taking advantage of all we have to offer—and also the home of the Tenth Mountain Division.

Mr. Whitehurst's statement:

I would like to join the chairman in welcoming him and the other witnesses who will be appearing before the subcommittee today. I see some familiar faces as well as some new names on the list of our witnesses.

I am particularly pleased that our subcommittee has at least this annual opportunity to formally receive your testimony. I am pleased, not just because the subcommittee has the official respon-

sibility to review the Guard and Reserve Operations and Maintenance account, but because it gives us the opportunity to comment on the record of the performance of the Guard and Reserves.

As you are no doubt aware, I am among your strongest admirers.

The record that the Guard and Reserve has established in the last 6 years is absolutely superb. I cannot recall a period when your organizations were better manned, better trained, better equipped, and as ready to carry out your missions.

[Pause.]

This is especially noteworthy in view of new and more important national defense missions to the Guard and Reserve forces.

I recall Assistant Secretary of Defense Korb has briefed us that you all now represent over 50 percent of the combat capability and two-thirds of the support for the country's conventional military forces.

As some of you may remember, during this annual Guard and Reserve hearing last year, I discussed the Naval Reserve mission regarding combat air search and rescue (CSAR). I was particularly concerned about not only the obsolescent aircraft available to support the mission, but also about the associated organization and doctrine.

I will not go into a lot of detail but as I am sure you know, last year's authorization bill contained provisions for two HH-60 helicopters. These aircraft will join the present inventory of H-3 helos in the 1987-88 timeframe and will add significantly to the Naval Reserve's combat search and rescue capability.

Two months ago during the January recess I had the opportunity to visit Composite Helicopter Squadron NINE at NAS North Island in San Diego.

This Naval Reserve squadron is the unit currently assigned to the Navy's combat CSAR mission. I must tell you that I have seldom seen such an enthusiastic group of men in uniform.

Those guys in HC-9 are perfect examples of the kind of Guard and Reserve folks I referred to earlier. The briefings I received from them completely resolved any misgivings I might have had based on stories about weaknesses in the oganization and doctrine of our combat search and rescue business.

I am confident that HC-9 could and would perform its mission should it be activated. And when they receive their new Seahawk helos, they will be even more capable. Even though there are not any UH-60s in this year's request, it is my understanding that the Navy does plan to request additional aircraft and eventually plans to have a combat search and rescue squadron on the East Coast similar to HC-9 in San Diego.

Mr. Chairman, you and I know—the members of the subcommittee know how important a properly funded and supported operations and maintenance account is to our Guard and Reserve program.

We also know that this year we are faced with some pretty tough decisions regarding the Defense budget. That I might add might be the understatement of the year.

I would like to make sure that our witnesses recognize that our country can only afford those defense programs, both active duty as well as Guard and Reserve, that are absolutely essential.

I hope that in your testimony today you will keep that in mind and that you will provide the kind of information and assistance we need to make the correct decisions and judgments. For it is only by making the wisest possible use of our limited defense dollar resources that we can continue to have the superb Guard and Reserve that we currently have.

Thank you. I yield that time I have.

Mr. HUTTO. Thank you, Mr. Martin.

STATEMENT OF HON. G.V. (SONNY) MONTGOMERY, A REPRESENTATIVE FROM MISSISSIPPI

Mr. Montgomery, would you like to comment before we get underway?

Mr. MONTGOMERY. I will be very brief, Mr. Chairman. Thank you for giving me this opportunity to be here today with you and Dave Martin.

I have introduced seven initiatives to improve the readiness of the Reserves and National Guard, and most of the witnesses here this morning were part of drawing up these initiatives. They are not my own, but for the first time, we were able to get the different chiefs of the Reserve Forces, along with the associations and Members of Congress, to come up with some initiatives that we think are not big ticket items that would improve the readiness of the Guard and Reserves, such as family support, employee support, similators, better equipment for the Reserves to do the missions.

So, thank you for letting me be here and listen to this testimony.

Mr. HUTTO. Thank you, Mr. Montgomery. We look forward to working with you on that.

Our first witnesses this morning are Lt. Gen. Emmett H. Walker, Jr., Chief of the National Guard Bureau; Maj. Gen. Herbert R. Temple, Jr., Director, Army National Guard; and Maj. Gen. William R. Berkman, Chief, Army Reserve.

In looking over this line-up, I feel that we are thrice blessed.

Since the creation of this subcommittee, we have been fortunate to have the benefit of their counsel and expertise. Collectively, these gentlemen have provided the leadership that has been largely responsible for the vast improvements in the Army National Guard and Army Reserve capabilities in recent years.

So, it is good to have you here with us, and you may proceed in any way that you desire.

General Walker.

General WALKER. Thank you, Mr. Chairman.

STATEMENT OF LT. GEN. EMMETT H. WALKER, JR., CHIEF, NATIONAL GUARD BUREAU, DEPARTMENT OF THE ARMY AND AIR FORCE

General WALKER. I again appreciate the opportunity to report to you on the current status of the Army and the Air National Guard, even though I know the Air National Guard will not be represented until this afternoon by General Conaway.

I must tell you, sir, that 1984 was a great year of challenges, achievements, and improvements. We finished 1984 in the Army and Air National Guard at the highest strength we have ever at-

tained—over 344,000 in the Army Guard, and 105,000 in the Air Guard, nearly 540,000 young men and women that are devoted to the defense of this Nation.

Sir, I am concerned, though, about the strength objectives that have been set for us in the future. I submit to you that we can achieve these challenges if we have the tools with which to work.

The GI bill that you passed last year has to be the core of any program that we have. And I bring this to your attention because I want to ask you and the members of this committee to reenact the Selected Reserve Incentive Program.

That program is what we have referred to in the past as our bonus program. The GI Bill, with continuation of that program will allow us to achieve our programmed growth of 500,000 Army National Guardsmen and 121,000 Air National Guardsmen in 1990.

But I think it is going to take that type of help for us to do it.

Our equipment status is certainly improving. We are being supported. We are not at 100 percent of our requirements, but we are getting the modern equipment that we have long asked for: M1 tanks, M60A3 tanks, Bradley Fighting Vehicles, ITVs, Cobra and Apache Helicopters for the Army Guard.

In the Air Guard, I am sure you are aware of the F-15s, F-16s, C-130s, C-141s, and C-5s that we are getting. So we are receiving equipment.

The policy of the "first to fight is the first to be equipped" is working, not fast enough for us a lot of times, but certainly we are being modernized.

Mr. Chairman, the training opportunities that we continue to have certainly have expanded. We are having more exercise participation, more deployments, and more opportunities to carry out our role as full partners in the Army and Air Force.

With these, many successes are coming to us.

Seeing Congressman Montgomery here today, I have to tell you that, as I look back over my years in the Guard, and I will not tell you how many that is, there is no comparison today between the Guard when he and I were commanders in Mississippi and what we have today.

Our big problem is, and an area in which we need help from our national leadership, is getting the support of our families, the support of our employers, and getting across to the general public of this Nation the large defense load that the Reserve components are carrying.

I don't believe that people understand this, and we are asking you, and all the Members of Congress, and our leadership to please help us get this story across. These are citizen soldiers, soldiers that willingly work two jobs, first, to support their families and second, at defending this country. We have to make the country aware of this.

Mr. Chairman, we cannot say enough of how much we appreciate the support of this committee and the Congress for the Army and Air National Guard. In the past years, the Congress has been good to the Army and Air Guard, and we are most appreciative.

Prepared Statement of Lt. Gen. Emmett H. Walker, Jr.

INTRODUCTION

The Army and Air National Guard today contribute a major portion of the U.S. conventional defense capability. Never before in its 347 year history has the Guard been so well trained, equipped and manned. The major improvements in these key readiness areas are directly attributable to increased Congressional support, OSD oversight of the Total Force Policy and Army and Air Force modernization initiatives. The increased resourcing we have received is the result of the continuous growth in Guard missions and responsibilities.

The focus of our efforts during the past year, and looking into the future, is to recruit and retain a high quality, professional force, to use training time to the best possible advantage and to make the most of every defense dollar we spend to equip and train the Guard. We continue to work to insure that no Army or Air Guard member on any future battlefield would have cause to say "Had only I been better trained, equipped or led." This is the challenge we have accepted and the charge we work to uphold.

Army and Air Guard units have deployed worldwide in the past year and trained side-by-side with their active component counterparts. These deployments have included JCS exercises, support to active component missions and units and real-time, real-world missions. In virtually every case, the Guardmembers have met or exceeded the mission requirements and have returned home with a real sense of accomplishment and contribution.

Our Army and Air Guard members are some of America's finest citizens. They continue to prove that with proper leadership, resourcing and family and employer support, they can and will perform any mission assigned.

STATE MISSION

The National Guard is the only dual missioned force among the services. Our primary mission, like that of the other components, is to be able, if called, to mobilize, deploy, fight and win. Our second mission, the state mission, is what makes us unique. The state mission requires the Guard to be able to answer the call of the respective Governors in responding to emergencies throughout the states and territories, assisting in the preservation and protection of life, property and public order.

During 1984, Army and Air Guard personnel responded to calls from 49 Governors on 423 separate occasions. The Guard provided emergency assistance ranging from rescue efforts at the AMTRAK train crash site, support of the National Search and Rescue Service and security assistance at the summer Olympics, to assisting local law enforcement authorities following natural disasters and during civil disturbances, and support to drug enforcement authorities. National Guard response to these emergencies involved more than 11,200 soldiers and airmen using approximately 102,000 mandays at a cost to the respective states exceeding $7.6 million.

The continuing, varied requests for specialized equipment and personnel for a variety of missions continue to reflect confidence in and public acceptance of the National Guard as a professional emergency force available to protect the citizens of the states and territories.

FEDERAL MISSION

ARMY GUARD ORGANIZATION

Forty-six percent of the combat units and 37 percent of the support forces within the Total Army are provided by the Army National Guard. Major unit contributions to the Total Army force structure include nine divisions, fourteen separate brigades, four armored cavalry regiments, an infantry scout group, two special forces groups, five roundout brigades and seven roundout

battalions. Roundout units provide the force structure essential to an Active Component division to fill its total organizational requirement.

The 41st Infantry Brigade, Oregon Army National Guard, roundout to the 7th Infantry Division, will change to roundup status in FY 85. This change was caused by the conversion of the Active Army's 7th Infantry Division to a light infantry division. As a roundup brigade, the 41st will retain its current resourcing priority and maintain its former training relationship with the 7th Infantry Division. However, it will become a corps asset rather than a divisional unit.

In September 1984, Department of Army announced that two more light infantry divisions will be added to the Active Component force structure, commencing in FY 85. These are the 10th Mountain Division (Light), which will be based at Ft. Drum, New York and the 6th Infantry Division (Light), which will be located in Alaska. Both divisions are programmed to have Reserve Component roundout brigades.

In FY 86, we will begin organization of a new light infantry division through the consolidation of existing brigades. The new division will be the first and only light infantry division programmed for the Army National Guard, our tenth combat division, and will increase the number of Total Army divisions to 28. The designation of the new division will be the 29th (Blue and Gray) Infantry Division (Light), headquarted at Ft. Belvoir, Virginia.

The roundout role for the 29th Infantry Brigade, Hawaii Army National Guard, roundout to the 25th Division, will change to roundup in FY 86 as the 25th Division converts to the light infantry division configuration. As in the case of the 41st Brigade, the 29th will maintain its current resource priority and training relationship with the 25th Division, but will become a corps, rather than a divisional, asset. Consequently, in FY 86, the number of Army National Guard roundup brigades will increase to two. A total of 80 activations and 92 conversions are programmed for Army National Guard units in FY 86.

AIR GUARD ORGANIZATION

The Air National Guard's Federal mission, as part of the total Air Force, is to provide units of properly equipped and trained personnel for prompt mobilization whenever called upon in time of crisis. Our units also perform designated Air Force missions during peacetime, primarily as a by-product of training.

The Air Guard is manned and ready to carry out this dual mission. It is our belief that strength through readiness is the key to success.

The readiness of our units continues to remain high despite increased taskings and conversions to new and more complex weapon systems. Military manning was over 105,000 at the end of FY 84 and is projected to be 108,000 at the end of FY 85 and 111,000 by the end of FY 86. The Air Guard flies more than 1,600 aircraft in a variety of demanding missions, ranging from Air Defense and Tactical Fighters to Strategic Air Refueling and Strategic Airlift. We participate as full partners with the active Air Force and the Air Force Reserve in carrying out these missions assigned by our civilian leadership.

FORCE STRUCTURE

Air National Guard flying units are organized into 24 wings, 67 groups and 91 flying squadrons. Modernization of these units continues as evidenced in the FY 86 public announcement of force changes. We have announced the first F-15 conversion in the Air Guard at New Orleans in FY 86, with a second unit programmed in FY 87 at Dobbins, Georgia. We are getting back into the strategic airlift business with activation of our first C-5 unit at Stewart Airport, New York in FY 85 and our first C-141 unit at Jackson, Mississippi in FY 86. We will also be activating our second Air Guard F-16 unit at Kelly AFB, Texas. Future programmed conversions depend on programmed procurement rates. Modernization of the Air Force in general and the Air National Guard in particular depends heavily on your support of these procurement rates.

In FY 86, the Air Guard will continue its modernization efforts in several major mission areas. Two Tactical Fighter units (one F-4D and one F-4C) will change series to the F-4E and increase their primary aircraft authorization from 18 to 24. Two Tactical Airlift units (one C-130A and one C-130E) will change series to the C-130H. The A-7 Combat Crew Training Unit at Tucson, Arizona will have F-16s added to its inventory, and the Boise, Idaho RF-4C Combat Crew Training unit will increase its primary aircraft authorization from six to 12 aircraft. Finally, six units will upgrade their operational support aircraft by replacing their older C-131s with new C-12Fs.

As a result of our modernization efforts, Air National Guard flying units continue to make a substantial contribution to the total Air Force combat capability and will fulfill a large portion of force commitment during any future crisis. In FY 86, the Air National Guard will possess 73 percent of the total Air Force Air Defense Interceptor forces, 48 percent of Tactical Reconnaissance forces, 32 percent of Tactical Airlift forces, 25 percent of Tactical Fighter forces, 17 percent of Aerial Refueling forces, 14 percent of Rescue and Recovery forces, 15 percent of Special Operations forces, 24 percent of Tactical Air Support forces and two percent of Strategic Airlift forces. In addition, 15 Air Guard flying units are tasked in Central Command (CENTCOM) plans.

The continuing emphasis on modernization and readiness has resulted in adjustments of the organization precedence ratings for all Air National Guard units to equal levels with comparable Air Force units. This is in consonance with Department of Defense (DOD) policies, and places the Air National Guard on an equal footing in the DOD Logistics System with its active counterparts.

Equally important to the success of the Air National Guard mission are our mission support units. There are 244 independent units heavily concentrated in the areas of base fixed communications, combat communications, weather, tactical control, engineering installation, civil engineering, medical and air base ground defense.

Base communications flights provide fixed communications support to our flying units. These units operate and maintain the base fixed and tactical telephone systems, base communications centers, ground-to-air radios, intra-base radios, high frequency radios and base cable plants. Many of these flights also have separate, deployable elements which support Strategic Air Command, Military Airlift Command and Tactical Air Command at alternate recovery bases in the Continental United States and at collocated operated bases in Europe.

Our 51 combat communications units are equipped and staffed to support the Tactical Air Forces. They provide specific communications service to forward deployed commanders and provide restoral service to the Defense Communications System. They are also equipped to provide terminal air traffic control facilities and services. In FY 84, 15 combat communications units were tasked in Central Command (CENTCOM) plans.

A policy on allocation of new capabilities and replacement equipment has been implemented within the Air Force that will expedite the modernization of Air Guard Combat Communications equipment. This policy requires equipping units based on their primary mission area and insures Air Guard parity with the active Air Force.

The Air Guard has 39 Weather flights and one Weather squadron, most of which provide weather support to Army Guard and Reserve units. We do have one Weather flight tasked to support the Air Force Tactical Weather System. Weather units train with the Army units that they are tasked to support.

Our 31 Tactical Control units operate control and reporting centers and posts in addition to providing forward air control posts. All units have wartime taskings and quick response deployment schedules. Five units deployed to Europe in FY 84 to support exercises in Denmark, Norway and Italy. All our units now possess the TPS-43E tactical radar.

We also have three Aircraft Control and Warning squadrons that provide around-the-clock air surveillance radar coverage for Hawaii and Puerto Rico.

In FY 84, a fully automated Regional Operational Control Center became operational in Hawaii and is operated and maintained by Air Guard personnel.

We now have two tasked units to provide equipment and personnel augmentation as part of the Joint Communications Support Element. The mission of these units is to support Joint Task Forces during contingency military operations or disaster relief and evacuation activities.

Our Engineering Installation (EI) squadrons are equipped and trained to engineer, install, relocate, remove, restore and accomplish on-site depot level maintenance on radars, antennas, cable plants, radios and teletype and communications centers. Our EI units represent the majority of the total Air Force capability for this type of work. Each year, these units accomplish a significant portion of the total Air Force EI workload.

Our Civil Engineering flights are equipped to undertake construction, alteration and repair projects to sharpen their wartime skills as well as to complete urgently needed projects for their host base (either active Air Force or National Guard). A second Civil Engineering Red Horse Squadron (Rapid Engineering Deployment Heavy Operation Repair Squadron Engineering) has also been federally recognized.

A Prime Ribs (Readiness In Base Services) expansion and realignment program scheduled to begin in FY 1986 will reduce the Air Force wartime shortfall in food services and support by over 1100 positions. This will increase the Air Guard contribution to the total Air Force wartime food services and support requirement from 28 percent to 35 percent.

The Medical Service of the Air National Guard supports our 91 flying units in peacetime and fulfills the medical readiness requirements of the active Air Force for wartime planning. Our Medical Service consists of 91 medical units (seven flights and two squadrons). Significant personnel increases are taking place in the Aeromedical Evacuation units with additional personnel in the program for our hospitals and clinics. These increases respond to enhanced wartime mission requirements for the Air Guard Medical Service.

Like their Flying unit counterparts, our Mission Support units contribute heavily to the total Air Force combat capability. In FY 85, the Air Guard will possess 70 percent of the Air Force Combat Communications forces, 60 percent of Tactical Weapons Control, 12 percent of the Weather Reporting and Forecasting forces and 30 percent of the Aircraft Control and Warning forces.

MANNING THE ARMY GUARD

The Army National Guard completed FY 84 by posting one of its most successful years ever in terms of strength gains. During the year, we acnieved our highest end strength in history, closing the year with 434,259 men and women. This increase of 17,081 from the end of FY 83 represents 100.3 percent of our programmed end strength, 99.8 percent of authorized strength, and 93.4 percent of wartime required strength. The end strength is composed of 41,847 officers and 392,412 enlisted personnel.

Women have joined the Army Guard in increasing numbers as evidenced by the strength figures for FY 84, which included 2,072 officers/warrant officers and 20,432 enlisted women. Initiatives taken to encourage female accessions include the FY 85 State Accession Mission, which, for the first time, included a female nonprior service objective.

Minority commissioned/warrant officer strength at the end of FY 84 was 3,957 (3,495 commissioned, 462 warrant officers). This represents a fiscal year increase of 918 officers and 9.5 percent of the Army Guard officer force. The total for black officers was 1,883 (1,737 commissioned, 146 warrant officers), 4.5 percent of total Guard officers. Female commissioned/warrant officer strength was 1,946/126, 5.0 percent of our total officer force. We remain committed to the goals and principles of minority officer participation within our officer force as originally established by the Minority Officers Recruiting Effort (MORE) Program in March 1978.

Commissioned and warrant officer strength reached 97.3 percent of our

programmed objective for FY 84. Accessions from the Reserve Officers Training Corps (ROTC) accounted for 41.4 percent of total commissioned officer accessions. By FY 90, ROTC accessions are expected to account for over 50 percent of commissioned officer accessions. This will make ROTC the largest single source for Army National Guard lieutenants. During FY 84, State Officer Candidate Schools (OCS) produced 31.6 percent of our commissioned accessions. Due to production constraints imposed by Department of Army, this percentage is expected to drop to 23 percent in the future.

Retention of first-term and career soldiers was an integral part of our historic end strength accomplishment in FY 84. The efforts of our expanded retention force, strength management education and training, command emphasis at all levels, resurgence of patriotism and positive attitude toward military service enabled us to achieve 82.8 percent of programmed retentions during FY 84.

Quality of our enlisted force has steadily improved. In the last eight years, we have increased the number and percentage of high school diploma graduates (HSDG) while reducing the number and percentage of Test Score Category IV accessions. In FY 84, 68.8 percent of NPS accessions were HSDG and only 6.9 percent were from the lowest test score category.

To achieve established end strength in FY 85 and FY 86, 438,383 and 450,496 respectively, numerous dynamic initiatives have been identified and implemented. The Director, Army National Guard, internally reprogrammed 601 personnel authorizations to expand the existing recruiting force, providing 24 percent growth in the Full-Time Recruiting Force (FTRF) during FY 85. An increase of 225 FTRF personnel is included in FY 86.

In FY 85, an additional 65 Active Guard/Reserve (AGR) personnel will be tasked with increasing the retention of trained personnel who complete their required term of service. With this expanded recruiting and retention force, an aggressive national advertising campaign, and a viable enlistment/reenlistment/educational assistance bonus program, we are confident we can attain programmed FY 85 and 86 end strength.

MANNING THE AIR GUARD

The Air Guard achieved a military end strength of 105,012 in FY 84. This is the highest level ever achieved by the Air Guard. It is the sixth consecutive fiscal year that programmed end strength levels have been exceeded.

The Air Guard's FY 85 end strength program is 101,221 drill strength and 6,469 AGR (Active Guard/Reserve) for a total strength of 107,690 with an average strength of 105,438. In FY 86, we have programmed 103,590 drill strength and 7,269 AGR for a total end strength of 110,859 and an average strength of 108,700. This strength level supports approximately 99 percent of the Air Guard's projected wartime requirements.

Although the Air Guard has consistently exceeded programmed strength levels, many critical skills remain below acceptable levels. At the end of FY 84, 54 percent of our vacancies were in hard-to-fill areas such as aircraft maintenance, munitions systems, aircraft armament and security police. Additionally, the Air Guard has projected a growth of over 15 percent by FY 90. Of this growth, 35 percent will be in such critical skills as aerial port, Red Horse (civil engineering), medical and aircraft armament. We expect to continue to meet our strength goals, but anticipate a greater challenge as our program strength levels increase and the recruitable population age decreases.

The Air Guard's recruiting program uses a precision recruiting approach. This approach keynotes recruiting for existing or projected critical skill vacancies. The overall responsibility for recruiting rests with the respective State or Territory. The addition of a full-time retention force has paid off, as losses again declined last year for the sixth year in a row. We continue to focus on recruiting rated officers, medical officers, minorities and women. In fact, the percentage of women and minorities in the Air Guard increased again in FY 84 for the fourth consecutive year. The

continuation of recruiting and retention as co-equal programs has aided the Air Guard in meeting its end strength objectives as well as furthering our progress in reducing critical skill vacancies.

In its Total Force role, the Air National Guard is highly dependent on personnel who are competent and reliable. By recruiting a higher percentage of prior active and reserve component personnel into the Air Guard, we retain the maturity and experience in the enlisted force and avoid the high cost of basic military training (BMT) and initial skills technical training. Since FY 80, our enlisted accessions have consistently demonstrated a 60 percent prior service and 40 percent non-prior service mix.

In April 1984, the Secretary of the Air Force established an FY 85 female accession goal of 17 percent. The Air National Guard exceeded that goal in FY 83 with 17.1 percent of accessions being female. In FY 84, 17.5 percent of all ANG accessions were women. At the end of FY 84, participation by women in the Air Guard increased to 10.8 percent of the force. It is also important to note that even during years when overall accessions were declining (i.e., FY 80-83), the rate of female accessions into the Air Guard showed a steady increase.

ARMY GUARD OFFICER/WARRANT OFFICER DEVELOPMENT

We have continued to raise standards for appointment, promotion, and retention of both commissioned and warrant officers. Today's Army National Guard officer education profile shows 53 percent of commissioned officers have a baccalaureate degree or higher. In order to increase this educational level, we have implemented the following changes to the civilian education requirements for commissioned officers:

a. All of our commissioned officers are required to complete at least two years of college, or its equivalent, by 1 October 1989.

b. All State OCS graduates must have two years of college prior to appointment starting in 1989.

c. All officers appointed after 30 September 1983, are required to have a baccalaureate degree before promotion to major.

Resident requirements for military education now result in 100 percent Basic Course attendance compared to approximately 65 percent one year ago.

The educational goal established for our warrant officer corps is achievement of an associate degree. Currently 45 percent possess this level or higher civilian education. In order to ensure that our 8,805 warrant officers keep pace with the Army's new technology, systems and overall force integration, an extensive Professional Development Program will continue to demand strict military education requirements for appointment, promotion and retention. During FY 85, a new warrant officer appointment procedure will be developed for the Army National Guard and implemented in early FY 86.

To assist our officer corps in achieving these new educational requirements, we have implemented the Assistance for Military Professional Development (AMPD) Program. Currently providing educational assistance to our officers and officer candidates, this new initiative allocates military education funds to each state for use in defraying 75 percent of tuition and laboratory fees identified by the school at the time of registration. AMPD tuition assistance is only available to drilling Army National Guard officers or officer candidates not receiving tuition assistance from any other source, i.e., G.I. Bill. The policy of providing 75 percent tuition assistance for these personnel under AMPD is intended to coincide with support provided to our AGR personnel under the Army Continuing Education System (ACES).

Additionally, Department of Army has extended the ACES Program to the Reserve Components beginning 1 October 1985. The program will provide educational assistance to all Army Guard personnel in their pursuit of continuing education.

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ARMY GUARD FULL-TIME SUPPORT

Our Full-Time Support program consists primarily of a combination of Active Guard/Reserve (AGR) full-time military members and Military Technicians. Together, the AGRs and Technicians perform essential services without which the Army National Guard would have no continuity of operations and could not be effective in accomplishing the required training, supply, maintenance, administration and management to meet federal missions. The Full-Time Support Program is the "backbone" of the Army National Guard.

The increased strength, new units, and great amounts of new equipment being delivered to the Army National Guard have greatly increased full-time support requirements. To keep pace with these requirements, we are requesting an increase of 10,096 AGR in FY 86, bringing our total to 30,679 at year end. The requested increase in AGR supports our highest priority requirement of providing full-time manning for our combat and combat support units. There is also a need for additional technicians to support increased requirements for supply, maintenance, and administrative functions.

We have found, through experience and analysis, that AGR personnel are better suited for providing full-time support to units, whereas military technicians are best suited for employment in support activities, including headquarters, supply and maintenance. We would like Congress to revise the language prohibiting the movement of technician positions and allow us to implement a mix of the force established by Congressional direction in 1982.

AIR GUARD FULL-TIME SUPPORT

In FY 84, the Air Guard exceeded its combined military technician and full-time military (AGR) end strengths. In FY 85, we expect to fully meet our full-time end strength programs, which are 937 higher than FY 84 actuals. In FY 85, our full-time personnel growth was originally programmed as all AGR. However, as a result of Congressional action, 50 percent of this growth was transferred from AGR to civilian technician authorizations.

Future manpower growth will contain a mix of technicians and AGR personnel. This mix will be determined based on the missions to be performed. The majority of our maintenance and support personnel are currently technicians, and this type growth will be programmed as technicians in the future. Security, field training sites, ranges, detached alerts, recruiting retention and similar type programs which are military in nature will be programmed as AGR. We anticipate that our full time force will contain approximately 75 percent technicians and 25 percent AGR.

EQUIPPING AND SUSTAINING THE ARMY GUARD

Although equipment shortfalls remain, never before in our history have Guardmembers been better equipped in peacetime.

Department of Army has initiated plans to accelerate delivery of modern equipment to the Army National Guard. At the end of FY 84, our tank force consisted of approximately 2900 main battle tanks. Planned delivery of 180 M1 tanks in FY 85 will increase this modern system in the Army Guard to a total of 240. Department of Army has proposed increased fielding of M60A3 tanks to the Army National Guard during the FY 86-92 time frame. If adopted, all armor units will have 100 percent fill of M60A3s and M1/M1A1 tanks by the end of FY 92.

Accelerated fielding of Field Artillery systems is continuing. TACFIRE, Battery Computer System, and FIREFINDER fielding have met with repair parts and maintenance support problems, which have hindered attempts to accelerate the fielding of these systems. Current staff actions in the areas of upgunning current 105mm units to 155mm weapons and fielding of the Multiple Launch Rocket System in our units have demonstrated the Army's desire to accelerate modernization efforts for the Army Guard.

In FY 84, equipment worth $796 million was distributed to the Army National Guard by Department of Army. Based on current plans, $1.045 billion

worth of equipment will be distributed to the Army National Guard in FY 85. This will include such major items of equipment as the M1 tank, Bradley Fighting Vehicle, Improved TOW Vehicle (ITV), M198 Howitzer, Chaparral, and AH-1S Cobra Attack Helicopter. Department of Army procured over $900 million worth of equipment for the Army National Guard in FY 84 and projects procurement of equipment worth $1.7 billion in FY 85 and $1.5 billion in FY 86. This equipment will be delivered in the FY 85-89 time frame.

Congress continued to strongly support equipment procurement for the Army National Guard in FY 85. An appropriation of $150 million was provided for the Army Guard to procure equipment, continuing a practice which began in FY 82. Through FY 85, Congress has provided the Army Guard with appropriations totalling $350 million specifically for equipment procurement. We have utilized these appropriations, in coordination with the Department of Army staff, to improve the equipment posture of our early deploying units. The $150 million provided in FY 85 will procure Armored Personnel Carriers, M198 Towed Howitzers, Improved TOW conversion kits, TRITAC communications equipment, electronic shop shelters, Five-Ton Cargo Trucks, and Commercial Utility Cargo Vehicles.

Congress has also directed Department of Army to procure equipment for the Army National Guard from its Procurement Army appropriations. As a result, Department of Army will procure AH-64 and UH-60 helicopters, C-12 aircraft, Chaparrals, and ITVs for the Army Guard with funds appropriated in FY 85. Funds were also provided in FY 85 for the upgrade of AH-1G helicopters to the AH-1S COBRA/TOW configuration. Since FY 78, Congress has directed procurement of over $600 million worth of equipment for the Army National Guard from Department of Army appropriations. This $600 million added to the $350 million mentioned above totals to over $950 million worth of equipment provided to the Army National Guard as a result of Congressional initiatives since FY 78.

The significant influx of resources to the Army National Guard serves to reinforce the fact of our nation's reliance on the Guard as a key element in national security. Nevertheless, we remain critically short of equipment which we view as essential to permit our soldiers to adequately conduct sustained combat operations.

ARMY GUARD AVIATION EQUIPMENT

We have a present requirement for 493 attack aircraft. In FY 86, we will have a shortfall of 277 attack aircraft. These shortages will be alleviated as the production of AH-64 aircraft for the Active Component causes a displacement of additional AH-1S helicopters to the Army National Guard. The 18 AH-64s, provided by Congress from FY 85 procurement, are scheduled for FY 87 fielding to an attack battalion in the North Carolina Army National Guard.

Six C-12 aircraft, provided to the Army National Guard from Congressionally directed FY 85 procurement, will expand our C-12 fleet to a total of eighteen. The influx of C-12 aircraft into the Army National Guard has provided improved command and control of geographically dispersed units. It has also provided for redistribution of aircraft throughout the Army National Guard, providing needed aviation assets to states which previously had been denied a reliable command and control capability.

We operate a fleet of 72 CH-54A/B helicopters which provides our heavy lift capability. The projected phase-out for the CH-54s has been established as the year 2000. In order to maintain these as deployable, supportable and mission capable systems, several actions are required; including increased repair parts procurement, product improvement applications for sustainability, depot level repair of the airframes and an avionic/electronic upgrade. The latter is required to maintain communications compatibility with the more modern Army aircraft.

ARMY GUARD AIR DEFENSE EQUIPMENT

We are currently organized with eight battalions of M42 (Duster) Air Defense Artillery (ADA) units, supporting the eight divisions which currently have ADA organizations, and one U.S. Roland battalion, the only unit of its

type in the Total Force. The present force modernization plan replaces our Duster units in the FY 85-90 period. Initially, this will be accomplished by converting four Duster battalions to Chaparral and the other four battalions to Stinger organizations. The Chaparral fire units will be fielded from Active Component draw down and other Army inventory for the first and second battalion conversions. The third and fourth battalions are scheduled to be equipped with new equipment purchases. One Duster battalion began its transition to Chaparral in FY 84 and will complete the process in FY 85. The second Duster battalion will begin conversion in FY 85. The Stinger units will be equipped initially with training devices only; subsequently, they will receive the new Lightweight Air Defense System (LADS). Our ADA force will be increased in the future by the activation of six additional divisional battalions, two units for the newest Guard divisions and four units to provide backfill for the Chaparral units. Chaparral units will become corps level battalions when the divisional units are activated to replace them. All divisional ADA units will eventually be fielded with the new LADS. Our ADA force will then consist of ten divisional battalions, four corps Chaparral battalions and one U.S. Roland battalion. Additionally, three Hawk battalions are to be activated in the Army National Guard for corps missions utilizing equipment displaced from Active Component units.

ARMY GUARD COMMUNICATIONS-ELECTRONICS EQUIPMENT

In 1982, we conducted a Communications-Electronics Equipment Study which identified problems in the areas of interoperability, compatibility and supportability. These problem areas were identified to the Army Signal Center, Training and Doctrine Command, Army Materiel Command, Communications-Electronics Command and Department of Army. Two major interoperability concerns were: (1) first generation multichannel Frequency Division Multiplex (FDM) equipment in our signal battalions and separate signal detachments, and (2) manual switching equipment found throughout our force structure.

Another major equipment issue which has now been identified is Communications Security (COMSEC) for combat net radios in our units. This is an area of critical importance to combat and combat support units. Although VINSON COMSEC equipment is now critically short, it is being fielded and the fielding pace will accelerate over the next two years.

Tactical automation is now programmed by the Department of Army for issue to approximately one-third of all of our battalions. Initially, tactical automation will be provided down to battalion level in the form of Tactical Army Combat Service Support Computer Systems (TACCS).

Since the previously mentioned FY 82 study, we have utilized equipment procurement appropriations provided by Congress to procure over $125 million worth of modern, state-of-the-art communications equipment. Coupled with earlier Congressionally directed procurement from Department of Army appropriations, we will receive distribution of approximately $250 million worth of modern communications equipment in the FY 85-87 timeframe.

Signal force structure and signal architecture actions initiated by Department of Army will push our signal structure and equipment posture into a position of being fully interoperable and compatible with the Active Component by the end of FY 92.. The capability of our signal units and signal equipment to meet commander's communications requirements, is rapidly improving. Of special importance for future capability are the results of Battlefield Communications Review II. This strategy equips the Army National Guard simultaneously with the Active Component on a theater and corps set basis.

ARMY GUARD ORGANIZATIONAL CLOTHING AND EQUIPMENT

The Organizational Clothing and Equipment (OCE) program has been underfunded for a number of years, while requirements have continued to grow. Within the overall program of OCE, the most important area of concern is the status of Chemical Defense Equipment (CDE). We have pursued an aggressive program to purchase CDE for contingency and training stocks for the entire force. Limitations on funding and the nonavailability of some protective clothing and equipment items have slowed the progress toward achieving these goals. Shortages of CDE amounted to $66.6 million at the end of FY 84 and are

projected to be $55 million at the end of FY 85. With the introduction of the new chemical defense battle dress overgarment and increased funding in FY 85, our chemical defense posture is improving. We will receive 50,000 sets of the battle dress overgarment in early FY 85 with an additional 250,000 sets programed for late FY 85 and FY 86. This should provide contingency stocks for two-thirds of our force while freeing up a significant number of current contingency assets for training purposes. Funding provided in the FY 85 budget and requested for FY 86 will support procurement of the Personnel Armor System Ground Troop (PASGT) helmet and vest, Combat Vehicle Crewman Uniform System and the Extended Cold Weather Clothing System. These are modernized systems which are scheduled for fielding to the Army National Guard beginning in FY 85. Significant quantities are expected to be delivered in FY 86.

ARMY GUARD REPAIR PARTS

Our total repair parts resource requirement reflects maintenance costs directly related to the age of our equipment, to increased quantities of new and more complex equipment, and to the rate of equipment usage by our units to support year around training programs. Repair parts in short supply are high dollar value items such as combat vehicle/tank track, ballistic fire control components, artillery barrels, electronic equipment modules and circuit cards, rust repair components, engineer construction equipment parts and those repair parts needed to support older models of equipment that are no longer in the Active Army equipment inventory. Funding for repair parts in FY 84 was approximately $7 million below the FY 83 funding level of $123.8 million. This reduced funding, caused by negative growth in the FY 84 Operations and Maintenance, Army National Guard appropriation, resulted in a significant year end FY 84 repair parts shortfall of $132.6 million. Funding for repair parts in FY 85 provides an increase of $72.3 million above the FY 84 level. The most notable improvement will be realized in the increased stockage levels of combat essential Prescribed Load List (PLL) and Authorized Stockage List (ASL) repair parts, reduced to almost zero balance levels during FY 84. Some repair parts shortfalls will continue in FY 85 due to significant increases in both equipment inventory and in the variety of makes and models of equipment to be maintained. The repair parts backlog at the end of FY 85 is projected to be $95.0 million. Repair parts funding requested for FY 86 provides an increase of $36.5 million above the FY 85 level. This increase will improve our materiel readiness program and equipment deployment capability. It will ensure that adequate quantities of repair parts are available to sustain day-to-day maintenance operations. However, significant shortages for PLL and ASL repair parts will continue in FY 86. The repair parts backlog at the end of FY 86 will be approximately $138.6 million.

ARMY GUARD DEPOT MAINTENANCE

A series of depot maintenance programs designed to improve readiness is being initiated in FY 85, or continued from prior years, and is expected to continue in the future. Product Improvement Programs for modernization of combat vehicles continue with upgrade of M109A2 155mm self-propelled howitzers to the M109A3 configuration, anticipated to be completed in FY 85. Conversion of the M113 family of vehicles to the A2 model, begun in FY 84, is expected to be complete in FY 89. The Coordinated Logistics Support Program was initiated with Communications-Electronics Command in FY 85 and provides improved direct exchange and repair and return to user programs for communications and electronics equipment. Additionally, we are heavily involved in a rustproofing program for all commercial and tactical wheeled vehicles in the inventory. The program is designed to extend the life and ensure availability of these vehicles for the foreseeable future, at a cost of approximately $5 million per year. Programmed completion date for the current rustproofing program is FY 89.

We will implement or continue in FY 85 significant aviation depot maintenance programs which are designed to enhance the readiness of the aviation assets in our inventory. An overhaul/modification program for OH-6 aircraft is scheduled for start-up in FY 85 at the Mississippi Army National Guard Aviation Classification and Repair Activity Depot (AVCRAD). This program will provide increased reliability and sustainability of the OH-6

aircraft. During FY 85, the OH-58 tail rotor and power droop improvement program will commence. These improvements will greatly increase the reliability and safety of the OH-58 aircraft. We will continue the U-8F aircraft engine modification contract with completion scheduled in FY 86. Cost savings resulting from painting aircraft at the AVCRADS rather than utilizing depot labor at Corpus Christi Army Depot have been in excess of $10 million since this program was instituted in FY 81.

RANGE MODERNIZATION

Our range modernization program is aimed at management of range design planning and construction. Additionally, the program will provide a means to meet the training needs generated by force modernization and upgrade existing facilities which have suffered from over a decade of underfunding. An Army National Guard Five Year Master Range Plan has been developed to interface with the Army's Master Range Plan. We are scheduled to receive the Remote Target System on a number of proposed ranges. The Multipurpose Range Complex will satisfy gunnery requirements for the total family of weapons currently on hand and projected for the Army National Guard inventory.

TRAINING THE ARMY AND AIR GUARD

We rely upon effective training to make our quality people and equipment work together as a team. We may never have all the resources we require, but we are doing everything in our power to ensure that our soldiers and airmen are as combat ready as possible with what they have. As a result, our training continues to be challenging, demanding and effective.

ARMY GUARD UNIT TRAINING

In the future, we will continue pursuing our goal of "training up" -- conducting combined arms training in our units throughout the Guard, at the level at which they will be required to fight.

Within the last two years, two of our roundout battalions have experienced the rigors of training as part of a National Training Center rotation at Ft. Irwin, California. These units trained as an integral part of a brigade task force from their parent Active Component division. Lessons learned by these units during their National Training Center experience provide the basis for needed adjustments to their home station training strategy. Five of our roundout battalions will participate in National Training Center rotational training in FY 85 and three more will be challenged by this valuable training experience in FY 86.

Joint Chiefs of Staff (JCS) and Army Major Command (MACOM) exercise participation is designed to train units to evaluate standing operating procedures and war plan development; provide opportunities for CAPSTONE wartime mission training and to strengthen CAPSTONE relationships; train commanders and staffs in the Airland Battle doctrine in as realistic an environment as possible; exercise and evaluate personnel, administrative, logistics, and communications systems; and weld all elements -- combat, combat support and combat service support -- into an effective combined arms force. During FY 84, 284 Army National Guard units and unit cells, involving approximately 13,000 personnel, participated in 14 major JCS/MACOM exercises in the Far East, Europe, Central America and the Caribbean. Forty-one units and unit cells participated in REFORGER 84, to include two battalions which shipped their equipment to Europe for the exercise. FY 85 plans call for participation by 318 units and unit cells in JCS/MACOM exercises. Deployment for REFORGER 85 will involve 51 units and unit cells, to include a mechanized infantry battalion task force and an infantry battalion, which will ship their equipment, and three company size units which will draw POMCUS (Prepositioning Of Materiel Configured to Unit Sets). Ninety-one Army National Guard units and unit cells will participate in WINTEX 85, a JCS/NATO exercise conducted in Europe, and an infantry battalion will participate in BRIM FROST 85 in Alaska. Current plans call for participation by 394 units and unit cells in JCS/MACOM exercises in FY 86. This includes a mechanized infantry brigade which will deploy with its equipment for REFORGER 86.

Early 1984 marked the start of a unique Southern Command (SOUTHCOM) exercise called Minuteman. Exercise Minuteman I was a JCS approved, SOUTHCOM sponsored, combined task force engineer training exercise conducted on the western coast of the Azuero Peninsula, Republic of Panama. The exercise objective was to provide realistic, environmentally unconstrained engineer training, tropical medicine training and logistics over the shore training not available in the United States during stateside Annual Training. From 11 March to 5 May 1984, a total of 750 soldiers from the Puerto Rico, Louisiana, and Florida Army National Guards, the 193rd Infantry Brigade (Panama) and the Panama Defense Force joined forces to construct a 15 kilometer road and to survey an additional 27 kilometers of road in this remote area. At the present time, Exercise Blazing Trails 85, the continuation of Minuteman I, is underway. The exercise objective is to repair and construct 42 kilometers of road and bridges. Engineer, logistical, medical and security support are being provided by units from Alabama, Louisiana, Missouri, North Carolina, Puerto Rico and Wisconsin. Public affairs detachments from Florida, Kentucky, New Jersey and Texas are also participating. Exercise Blazing Trails 85 is providing our units and personnel outstanding training opportunities in a realistic and demanding environment.

Our ODT program, which has deployed Guard members to Europe, the Far East and Central America, continues to expand. A total of 527 units and unit cells are scheduled to participate in ODT during FY 85 -- a significant increase since the program began in 1976 with only six units.

AIR GUARD UNIT TRAINING

I talked about the significant contributions our flying units make as a by product of training. Our mission support units have also made impressive training advances. In the past three years, our combat communications units have deployed approximately 1,400 personnel to Europe, Honduras, Egypt and Korea in support of major exercises. The combat readiness of these units will be tested again in FY 85 by their participation in over 30 exercises and deployments worldwide.

Our Tactical Control units train at their home stations by participating in system-wide simulated exercises. As with combat communications, these units also play a major role in Joint Chiefs of Staff exercises. In FY 84, our five deployments to Europe were the third in a series of deployments of tactical control units and demonstrated our global readiness as well as providing the units with realistic training. Six deployments have been programmed for FY 85.

Two of our Engineering Installation (EI) units deployed to Europe in June 1984 and performed successfully under simulated wartime conditions. An Air Guard EI unit also won the FY 84 Air Force Communications Command "SHOOTOUT" competition, with another Air Guard unit finishing in second place. "SHOOTOUT" is a series of competitive taskings undertaken by Air Guard and active Air Force units. Several exercises are also scheduled for Air Guard EI units in FY 1985.

Our Civil Engineering units also participate in Joint Chiefs of Staff European and Pacific exercises. A steadily growing trend of National Guard involvement in joint exercises has enhanced training and the Total Force concept.

Our Prime Ribs teams have supported Air Force requirements with deployments to Air and Army National Guard and Air Force bases in the United States as well as locations in Europe, Korea and above the Arctic Circle in Alaska.

ARMY GUARD INDIVIDUAL TRAINING

Another proven success is the Army National Guard Key Personnel Upgrade Program (KPUP). The purpose of KPUP is to further develop key personnel in our units through direct association with their Active Component counterparts during tactical training exercises. It allows our personnel to perform in

their assigned military occupational specialty (MOS) either in place of or alongside their Active Component counterpart.

These experiences of employing their skills with active units and utilizing the most modern equipment under demanding tactical situations have greatly contributed to improved MOS proficiency. Additionally, it has given our Guardmembers great confidence in their abilities. They return to their units with valuable tactical experience and new techniques which they have practiced in real tactical situations.

ARMY GUARD NCO EDUCATION AND TRAINING

It is the responsibility of National Guard leadership to provide our noncommissioned officers with the training they need and deserve to permit them to lead our soldiers in battle.

Our commanders and senior noncommissioned officers have applauded the contributions of the Reserve Component Noncommissioned Officer Education System (RCNCOES) to the improved leadership posture of our NCO corps. Success of the program is such that approximately 30,000 students are expected to graduate in FY 85. Estimates are that approximately 35,000 students will graduate from RCNCOES courses in FY 86, more than five times the number that graduated in FY 80, the year the program was implemented. RCNCOES training is devoted primarily to leadership skills.

Our RCNCOES program includes the Primary, Basic, Advanced and Senior Noncommissioned Officer (NCO) Courses and the Reserve Component First Sergeants Course. Commencing in FY 85, the Reserve Component Primary Leadership Development Course (RCPLDC) will replace the Primary and Basic NCO courses. These NCO Schools will train nearly 15,000 students during FY 86 and will complement the NCO training of the State Military Academies, projected to train approximately 25,000 students next year.

All of our personnel must be prepared to meet the same battle tests as infantrymen. The Army National Guard Battle Skills Course is designed to provide instruction in the technical aspects of squad and platoon weapons, their tactical employment, live fire familiarization and planning the use of nonorganic supporting weapons. The training, initiated in FY 84, is designed to complement the train-to-train skills taught in the RCNCOES.

Another specialized training course initiated in the Army National Guard during FY 84 is the Reserve Component Tank Commanders Course. The purpose of this course is to prepare our NCOs for the duty position of Tank Commander in a Tank Company or Troop. Students are trained to instruct crew drills and teach basic skills to their crews. The Tank Commanders Course is taught at Gowen Field, Boise, Idaho and will train over 800 Army National Guard tankers during FY 86. Like the Guard's Battle Skills Course, this course fits the needs of Guardmembers with limited time to devote to their military duties.

In order to ensure that the Active Guard/Reserve (AGR) force meets the same professional standards as their active Army counterparts, we have developed the Military Education Program (MEP). In most instances, MEP requires that AGR personnel attend the same courses conducted by the active Army at an appropriate time in their AGR career. Continued service in the AGR program is predicated upon successful completion of MEP. Equally important is active participation in the MEP by our military technicians. This will enhance their ability to perform in both their military and technician capacities.

ARMY NATIONAL GUARD AVIATION

Current aviation training efforts have been greatly improved by the FY 83 activation of the Eastern Army National Guard Aviation Training Site (EAATS). Developed to handle the increased training work load in qualifying our aviators to meet individual and crew requirements, EAATS is designed to complement current training programs, not to replace them. A second aviation training site, the Western Army National Guard Aviation Training Site, is scheduled to be operational by FY 87. Its mission will be to supplement unit tactical training requirements.

We have established an intensive night vision goggle (NVG) training program to meet aviation mission requirements. This training requires not only specific flight training but specialized equipment. The Aviator's Night Vision Imaging System (ANVIS) has been designed to help the aviator meet this essential mission requirement. It is necessary for the Army National Guard to receive ANVIS in the near future for its aviation units for increased operational capability, cockpit compatibility, safety and reliability.

We have experienced an increase in Undergraduate Pilot Training (UPT) quotas from 140 in FY 82 to 237 in FY 84, utilizing all UPT quotas during FY 84. These quotas will increase during the 1980s and will eventually provide an output of 250 Army Guard aviators per year by FY 89. We have seen positive results over the past three years since imposing a restriction of 27 1/2 years of age to apply for Initial Entry Flight School. The tradeoff for our highly experienced force of aviators is its steadily increasing average age. Our program is solving the "Aging Aviator" problem and establishes a 20-year life-cycle aviator management program.

ARMY GUARD SAFETY

The Army National Guard aviation accident rate increased from 2.00 accidents per 100,000 flying hours in FY 83 to 2.58 in FY 84. Human error on the part of commanders, supervisors, maintenance personnel, and aircrews continued to be the major factor in these accidents. Individual accountability at all levels, intensive management of aviation safety school quotas, and a quarterly aircraft accident review and trend analysis videotape are major elements in the countermeasure program developed to combat this rise in aircraft accidents.

Through an intensive Army National Guard countermeasure program, we experienced an 18 percent reduction in Army motor vehicle accidents from FY 83. The FY 84 rate was 1.44 accidents per one million miles of exposure. Fatalities were reduced by more than 50 percent. Non-fatal accidents from other than Army motor vehicles were also reduced by 13 percent. To continue an aggressive accident prevention program designed to further reduce personal injury and property damage, we have developed a unit safety officer/NCO training course to be fielded during FY 85.

ARMY GUARD TRAINING SUPPORT

Among our greatest training inhibitors has always been an inability to get full benefit from Inactive Duty Training (weekend training assembly periods). We have attacked that problem through training support. This support is designed to enhance our available training time by making ranges, local training areas and armories more effective as training centers through modernization and employment of training devices and simulators.

To maintain our mission readiness through training, the full support of training devices and simulators is essential. This is especially true in light of the unprecedented integration of modern weapon systems and increased constraints on human and materiel resources. The FY 86 budget reflects a $53 million commitment by Department of Army to provide the Army Guard technologically advanced training devices. Procurement of 181 platoon sets of the Multiple Integrated Laser Engagement System (MILES) is programmed. This will provide one set per battalion to each of our maneuver battalions. Two devices designed for use in armories are planned for delivery in FY 86; 103 Tank Gunnery and Missile Trainer Systems (TGMTS) and 252 Video Disc Integrated Gunnery Systems (VIGS) will be fielded to armor units. Additional devices such as Dragon Launch Effects Simulators, Stinger Launch Effects Simulators, maintenance trainers and chemical detector trainers are programmed for delivery to the Army Guard as part of the $53 million package.

We are developing a training device initiative entitled "Guard Unit Armory Device Full-Crew Interactive Simulation Trainer (GUARDFIST)." This incorporates the interlocking training strategy of conducting full crew training at the garrison and local training area with a high technology training device that takes advantage of interactive video capability. It is anticipated that this device will keep up with future technology and be used into the 21st century. Current initiatives are aimed at armor and artillery crews, dubbed GUARDFIST I and II, respectively.

Another effort to improve Inactive Duty Training effectiveness involves upgrading and expanding local training areas to offer the best opportunity for tactical training close to home. It is designed to maximize time, fuel and ammunition, but reduce wear and tear on equipment. It provides effective, economical training in peacetime and permits us to achieve our training standards while better utilizing time and resources.

Establishment of Army National Guard Regional Training Centers (RTC) in densely populated areas would further enhance increased levels of training and maximize efficient utilization of training resources. The Ft. Dix, New Jersey RTC is a prototype facility, programmed for construction in FY 86, that will provide a multipurpose unit training location. The RTC will help sustain soldier skills and develop the crew, squad and platoon proficiency required to operate the newest of the Army's weapon and maintenance systems. It will also incorporate high technology training devices on hand and those currently being developed to train combat, combat support and combat service support personnel and units. The center will be flexible enough to accommodate future improvements in state-of-the-art training devices.

Studies have recommended establishment of Regional Maintenance Training Sites (RMTS) to provide maintenance MOS skill transition and sustainment training during peacetime. This training will enable the mobilization and deployment of RC maintenance companies capable of supporting current and force modernization systems. The Army National Guard has been assigned proponency for fourteen sites which will be collocated with Mobilization and Training Equipment Sites/Unit Training Equipment Sites. The first two RMTSs will be operational during FY 86.

Our hospital units currently train with limited amounts of inadequate equipment, different from that which they would be expected to use upon mobilization. Establishment of Army National Guard Medical Regional Training Sites is one solution to the problem, and essential if our hospital units are to have access to medical equipment sets currently being procured for them. Each Army Guard Medical Regional Training Site would provide storage, maintenance and collective training support for one complete set of modern field hospital equipment. Units would utilize the equipment to conduct section and unit training in a field environment during annual training and could move it to their armories for training during weekend training assemblies. By establishing Army National Guard Medical Regional Training Sites, individual soldier skills and unit training will be markedly improved, thus enhancing the readiness of our sixteen hospital units. Funding of four sites has been proposed, with the first being constructed in FY 87 and becoming operational in FY 88.

AIR GUARD TRAINING SUPPORT

Our flying units make significant contributions to the Air Force as a by-product of realistic training. We participate as full partners with other components in overseas deployments, Joint Chiefs of Staff and Air Force training exercises and Air Guard sponsored Composite Force Training exercises.

Our overseas deployments temporarily move entire flying units to theater locations along with ground support personnel, civil engineering, tactical control and combat communication units. Such deployments furnish the Air Guard with realistic and valuable theater specific training.

The Air National Guard has tested several deployment concepts in order to validate wartime capabilities and maximize training dollars spent. For example, we recognize that air refueling assets will be extremely limited during wartime. Therefore, we continue to use an island-hopping deployment concept, moving a squadron from the Continental United States to Europe without air refueling. We successfully conducted such a deployment in FY 84, when we moved 12 A-7s from Michigan to Italy without air refueling. We believe this type of deployment is extremely important, considering the likelihood of limited aerial refueling during contingency operations.

In FY 84, the Strategic Air Command specifically requested support from tanker units that had been equipped with the new JT-3D engine. The improved performance capability of the reengined aircraft allows operation from shorter

runways, which are typical in the European theater. The reengined KC-135 can also carry (and offload during air refueling) more fuel over longer distances; in several cases, one reengined KC-135 replaced two older model tankers in refueling fighter aircraft deploying to overseas locations. I thank the Congress for their support over the last few years in providing the necessary funding to allow us to complete the KC-135 reengining program.

In the Southern Command region, the Air Guard maintains four A-7s on station at all times in defense of the Panama Canal. Our A-7s are supported by reengined Air Guard KC-135s, which we now use for these missions instead of the C-130. These reengined tankers allow us to not only perform aerial refueling, but also to move more personnel and equipment than with the C-130. We also maintain two Aircraft Control and Warning Radar units in defense of Puerto Rico, and we support airlift requirements throughout Central and South America with six C-130 aircraft, a mission we share with the Air Force Reserve.

In the past year, Air National Guard Tactical Airlift units provided support for 370 missions to Joint Airborne/Air Transportability Training (JA/ATT), an interservice program for the wartime application of airlift. In this program, the various services and the Air Guard jointly develop common procedures for combat operations in order to attain and maintain wartime readiness.

The Air National Guard also supports the Army in exercises throughout the world. Joint training programs, such as at the National Training Center, Fort Irwin, California, provide joint training experience for both the Army and the Air National Guard.

To further the ANG fighting capability and familiarize our Air Guard personnel with joint operations, Composite Force Training exercises are conducted throughout the year. These exercises are sponsored and planned by Air Guard flying units, Permanent Field Training Sites and active Air Force units. These exercises encompass all mission areas of the Air Guard and are developed for the specific purpose of providing realistic training for all participants.

As a further measure of the Air National Guard's global readiness and realistic training received, 12 Tactical Fighter and Reconnaissance units participated in eight overseas deployments to Germany, Norway, Italy, Turkey, England and Hawaii in FY 84. Three of these deployments were joint deployments where two or more units deployed together. This approach has reduced airlift costs, since the units share equipment and resources. Fourteen Fighter/Reconnaissance units are scheduled to participate in nine overseas deployments in FY 85.

Also in FY 84, two Air National Guard Air Defense units deployed with an active Air Force unit to Iceland to provide air defense coverage of the North Atlantic. During the course of the four-week deployment, Air Guard interceptors responded to 22 air defense active air scrambles and intercepted seven Soviet Long Range Bear bombers. Air National Guard RF-4s also fly real-time special reconnaissance missions to provide intelligence of certain sensitive areas.

In recognition of the increasing importance of electronics combat, the Air National Guard has developed a long-term project to design, build and employ low-cost electronic warfare simulators. These simple, but effective, radar transmitting devices were deployed to Air National Guard gunnery ranges throughout the United States and were used in large-scale exercises in support of readiness training for both Air Guard and U.S. Navy and Marine Corps aviators.

As a final example of our contribution to the Total Force and our nation, The Director of the Air Guard recently had the honor of pinning astronaut wings on two Air Guard members. We currently have four astronauts, three of whom are Air Guard pilots and one who is a weapon systems officer. The three pilots have been on Space Shuttle flights, and the weapon systems officer will be on an upcoming flight. These professional airmen represent the high caliber and commitment of all of our over 105,000 Air Guard men and women. The nation can be proud of their dedication to readiness and willingness to serve as members of the modern militia. They are truly Americans at their best.

READYING/MOBILIZING THE ARMY GUARD

We experienced an overall readiness decline of two percent for FY 84. Although military occupational skill qualification, available personnel and training readiness ratings improved, equipment on hand readiness fell two percent, causing the overall decline. We are in a dynamic period. More high priority missions are being assigned to the Army National Guard, which causes changes in the force structure and implementation of force modernization programs to ready the force to meet these new challenges. Although all readiness factors are affected by this change, the greatest impact is in the area of equipment on hand.

The readiness rating provided from unit status report data is only one of many indicators of total mission capability, others being modernization, force structure and sustainability. As the Army National Guard replaces old items of equipment with new ones, unit capability is increased. However, there is no current system to measure and report these capability increases. For example, an armor unit which receives the new M-1 tank may not change its readiness condition; however, its fighting capability has expanded significantly. We are working with the Active Army to develop such a measuring tool.

The ability to rapidly mobilize our forces and effectively move them to planned locations remains a matter of serious concern to us. Training of our mobilization planners is now a reality, with the initiation of the needed Mobilization Planners Training Course. This course will fill an obvious void in our planning effort and will produce more functional plans by ensuring that thoroughly knowledgeable planners are in the program.

We will continue increasing the number of units that participate in mobilization exercises. Our goal for FY 85 is to evaluate 100 percent of units selected for FY 85 Overseas Deployment Training by conducting Mobilization and Deployment Readiness Exercises. That goal should be achievable, and has been reestablished for FY 86.

In FY 84, more than 450 mobilization exercises were conducted and more than 500 are planned for FY 85. Although these exercises are a successful means of evaluating our mobilization preparedness, funding is available only for early deploying units. Therefore, we are currently unable to evaluate over 60 percent of our combat divisions, 50 percent of separate brigades and 100 percent of armored cavalry regiments.

READYING/MOBILIZING THE AIR GUARD

I am proud to report that again in 1984, Air National Guard units successfully demonstrated their capability to perform their wartime mission during Operational Readiness Inspections. These inspections are conducted using realistic wartime scenarios that inject stress and require unit commanders and staff to make decisions that closely approximate what would or could be done in an actual wartime environment. The majority of Air National Guard units, including Flying, Combat Communications and Ground Tactical Air Control units, now deploy from their home stations to Air Guard Field Training Sites and other locations for their inspections. These deployments accentuate mobility, training and experience in unit operations in unfamiliar environments and have materially enhanced unit readiness and capability.

FAMILY AND EMPLOYER SUPPORT

The families, employers and the American public in general must understand that the National Guard carries a major portion of the defense of this nation. Increased participation in National Training Center rotations, JCS exercises and overseas deployment training serve as examples of expanded training required of many units. Our personnel often find it necessary to train beyond the normal two-week annual training period and forty-eight training assemblies per year. As a result, the potential exists to strain family and employer relationships. Acknowledgment of the moral support of families and economic support of employers during these extended training periods must, therefore, be made. The role of the National Guard in the

defense of this nation is increasing, and the continued support and understanding of families and employers toward the citizen-soldier is vital to the success of that effort.

ARMY GUARD SUMMARY

Leadership is the Army theme for 1985. Army National Guard leadership must exercise a high degree of motivation and sensitivity to strike a balance between the military requirements and civilian obligations placed on our citizen-soldiers. This is especially important in light of the increased reliance being placed on the Guard for National Security and the effect this could have on every aspect of each soldier's life. Our leadership, at every echelon, must set an example of military professionalism to be emulated by all who serve within our sphere of authority. The exercise of leadership by Army National Guard officials must take the form of providing sound management and enthusiastic support of those programs designed to protect our nation and people.

Our role in the Total Force is vital to our nation's defense. The overall picture for the Army National Guard through the remainder of the decade is a positive one. We have achieved goals beyond our expectations. There is a great deal yet to be accomplished, but I believe we are equal to the challenges ahead, for only with new challenges can we continue to grow and strengthen.

AIR GUARD SUMMARY

The Air National Guard has proven to be an integral part of the Total Force. The Air Guard exists to support U.S. foreign policy and national security objectives, while providing a state militia uniquely qualified for local disaster and public safety missions. Our responsibilities are truly global, national and local, and each offers its own set of challenges for the future.

The Air National Guard is ready to meet these challenges. The capability of our citizen airmen to respond to the most demanding wartime missions is a matter of record. We appreciate the continuing strong support of the Congress. That support has permitted the Air National Guard to continue modernization and to make significant progress toward our goal of strength through readiness.

Mr. HUTTO. Thank you, sir. And you may proceed any way that you would like, Major General Temple.

General TEMPLE. Mr. Chairman, rather than read an entire statement, if my full statement can be entered into the record, I will simply highlight some issues, some of which General Walker has related to in his statement that I know are of interest to you and the members of this committee.

STATEMENT OF MAJ. GEN. HERBERT R. TEMPLE, JR., DIRECTOR, ARMY NATIONAL GUARD, DEPARTMENT OF THE ARMY

General TEMPLE. I appreciate the opportunity to appear before you on behalf of the over 430,000 men and women and 54 States and territories of the Army National Guard.

In fiscal year 1984, we reached the highest strength ever achieved in the history of the Army Guard. In 1986, we are requesting an end strength of over 450,000 which will put us at just over 96 percent of our wartime required strength.

The quality of our personnel continues to be excellent as nearly 69 percent of our nonprior service accessions were high school graduates.

Our requirements for full-time support personnel continue to grow as increasing demands are placed upon the Army National Guard to perform a larger role in our Nation's defense.

The workload for additional military technicians in activities performing essential maintenance and logistical functions exists. We would have attempted to increase our military technician growth in the fiscal year 1986 President's budget but were required to operate in a constrained environment for civilian end strength.

We are requesting an increase of 10,096 Active Guard/Reserve personnel in fiscal year 1986. The increased requirement for AGR personnel, as they are called, is driven by the necessity to prepare and train over 3,000 company-size units for their wartime mission.

As General Walker pointed out, our training programs continue to provide meaningful and challenging training to our soldiers. We are sending five battalions to the National Training Center this year.

Our Key Personnel Upgrade Program continues to expand our opportunities to train with active component units at the National Training Center and with fully deployed units at Reforger, and in exercises throughout the world.

Overseas deployment training is expanding every year, and 1986 is no exception. You no doubt have heard about our exercise blazing trails in Panama. This engineer training exercise has been enthusiastically received by the participants and ranks with the finest training ever conducted by the Army National Guard anywhere.

Over 10,000 Guard personnel will have trained in Panama in 1985, carving base camps out of undeveloped areas, landing heavy equipment across the shore, moving engineer equipment and other impedimenta through rugged terrain, and building over 28 kilometers of road in a remote part of Panama. Exercise blazing trails will rate as our most challenging training exercise.

Parenthetically, I would like to add that this reinforces General Walker's view that the National Guard can meet its national contingency missions, and very well meet the demands that the Army places upon it today.

In conclusion, I would like once again to express my appreciation for the past support you have given the Army National Guard. Your continued support will enable us to assume an even greater role in our national defense.

Thank you, sir.

PREPARED STATEMENT OF MAJ. GEN. HERBERT R. TEMPLE, JR.

INTRODUCTION

Not since that fateful April day in 1775, when the militia at Lexington "fired the shot heard 'round the world," have the citizen soldiers of the United States been so essential to the security and preservation of our nation's liberty. The early militiaman lived with the reality that, at any time, he might have to leave the peace and tranquility of home and labor for the battlefield, with little or no time for fitting and drilling before the fight. We have come full circle, for today's Guardsman must prepare for a similar reality as he trains for the battles of the future.

The reliance upon the Army National Guard as an equal partner in the Army, assuming roles and missions comparable to active Army elements, has cast the Guard into a position of importance to our nation never experienced by Guardmembers of the past. Until recently, veteran Guardmembers' visions of mobilization and deployment were a replay of World War II, Korea and Vietnam. Mobilization procedures, movements to mobilization sites, personnel and equipment fills, post-mobilization training to those levels never experienced in peacetime training, and then leave and fond farewells were often both our memories and expectations.

Regrettably, the Guardsmen and women of today's modern force may not have the luxury of a slow or ponderous mobilization and preparation before they are expected to step onto the most deadly, vicious and demanding battlefield upon which Americans will have ever fought. Of course, today we continue to plan and refine our mobilization procedures so that we might effectively squeeze every available hour to prepare our soldiers to fight and survive. But the leaders of our Army and National Guard know full well that the rapid pace of events, scarcity of resources, and worldwide contingencies will severely constrain our potential to adequately prepare our soldiers after mobilization.

Our efforts, therefore, to improve readiness during peacetime face their greatest challenge ever: to provide meaningful realistic training that makes optimum use of time, our greatest resource, and optimum use of people, our greatest asset. This training, however, does more than prepare our soldiers for the rigors of the future. It also helps us assume the increased responsibility being placed on us for the defense of our country and the resources entrusted to us. We have made a personal and professional commitment to our national and state leadership, to Guard members and their families, and to all Americans, that the public's trust and confidence in the National Guard not be misplaced.

Today's Army National Guard is unequalled in the 348 year history of the American militia. Its professionalism and military capabilities are reaching new heights and achieving acclaim throughout the world. It is moving onto center stage among the world's most respected military forces, through aggressive tactical training and by assuming worldwide training missions. Our personnel are found throughout the world demonstrating their skills and dedication to our nation and to foreign observers, friend and adversary alike.

National Guard personnel train side by side, with our Total Army partners, reaching, and at times, exceeding the professional standards established by the Army. We benefit from our close association within the Total Army, never failing to seek advice and assistance from our Army partners. Seldom will one find a military observer of the Guard who is not impressed with the Guardmember's desire to learn, achieve and often surpass the highest standards of the Army. This total commitment by our soldiers makes the sense of responsibility ever more demanding upon our leaders.

What follows is a detailed discussion of how resources have been and will be used to accomplish our Federal mission and a brief discussion of our state mission. The Federal mission is primary but it is the state mission which causes the National Guard to be unique among the Reserve Components.

STATE MISSION

Fiscal year 1984 was another active year as the National Guard continued to respond to emergencies throughout the states and territories and assist in the preservation and protection of life and property. This year our personnel responded to 391 call ups in 49 states and territories, continuing a trend to utilize the training and expertise of our forces to assist civil authorities during all types of emergencies. Weather extremes ranging from snow storms and severe cold to tornados and flooding caused the majority of call ups. Forest fires and volcanic eruptions also required the help of citizen soldiers. The human element was most prevalent in assistance that required containment of oil spills, housing of the homeless, and search and rescue missions. Our support to drug enforcement agencies continued as an increasing number of states engage in

the task of marijuana eradication and other illegal substance suppression efforts. Nearly a thousand of our personnel were called to state active duty from California and surrounding states to assist civil authorities by providing aviation and other logistics support during the Games of the XXIII Olympiad in Los Angeles.

Requests for specialized equipment and personnel, in a variety of missions, continue to reflect confidence in and public acceptance of the National Guard as a professional emergency force available to protect the citizens of the United States and its territories.

FEDERAL MISSION

ORGANIZING THE GUARD

Forty-six percent of the combat units and thirty-seven percent of the support forces within the Total Army are provided by the Army National Guard. Major unit contributions to the Total Army force structure include nine divisions, fourteen separate brigades, four armored cavalry regiments, an infantry scout group, two special forces groups, five roundout brigades, and seven roundout battalions. Roundout units provide the force structure, essential to an Active Component division, to fill its total organizational requirement.

In FY 85, Army National Guard force structure actions will include continued organization of the 35th Infantry Division (Mechanized), headquartered at Fort Leavenworth, Kansas. The 35th Division is made up of units from Colorado, Kansas, Kentucky, Missouri, and Nebraska. Reactivation of this division began on August 25, 1984 when the headquarters company was organized. The Division Support Command/Divisional Materiel Management Center, the divisional engineer battalion headquarters, and the divisional signal battalion headquarters will be organized in FY 85. Organization of the Army's only Mountain Battalion in the Army National Guard will be completed in FY 85. This unit, a uniquely organized infantry battalion designed and equipped to operate in mountainous and high alpine terrain, will be the first such unit in the Total Army since the conclusion of World War II. The Mountain Warfare School has been activated at Camp Ethan Allen, Jericho, Vermont to support the battalion and further serve as the focal point for mountain training in the Army National Guard.

The 41st Infantry Brigade, Oregon Army National Guard, roundout to the 7th Infantry Division, will change to roundup status in FY 85. This change was caused by the conversion of the Active Army's 7th Infantry Division to a light infantry division. As a roundup brigade, the 41st will retain its current resourcing priority and maintain its former training relationship with the 7th Infantry Division. However, it will become a corps asset rather than a divisional unit.

In September 1984, Department of Army announced that two more light infantry divisions will be added to the Active Component force structure, commencing in FY 85. Both divisions are slated to be completely structured by the end of FY 88. These are the 10th Infantry Division (Light), which will be based at Ft. Drum, New York, and the 6th Infantry Division (Light), which will be located in Alaska. Both divisions are programmed to have Reserve Component roundout brigades. The Army National Guard provided its recommendations for roundout to Department of Army in October 1984. The decision on roundout for the first Active Component division to activate, the 10th in FY 85, will probably be made in February 1985. The decision on roundout for the 6th will be made at a subsequent unspecified date.

If the decision is made to roundout the 10th Infantry Division (Light) with an Army Guard brigade, then the number of roundout brigades in the Army National Guard will remain at five in FY 85. Also, in FY 85, the number of roundout battalions will be seven, unchanged from FY 84. Currently 27 activations and 263 conversions of Army Guard units are programmed in FY 85. During FY 85-86, many of these actions are linked to force structure modernization of our three existing heavy divisions and the formation of the fourth, the 35th Infantry Division (Mechanized).

In FY 86, we will begin organization of a new light infantry division through the consolidation of existing brigades. The new division will be the first and only light infantry division programmed for the Army National Guard, our tenth combat division, and will increase the number of Total Army divisions to twenty-eight. The two separate brigades selected to form the nucleus of the division are the 58th Infantry (Maryland) and the 116th Infantry (Virginia). Remaining force structure for the division will be organized through activations and conversions of existing units in Maryland and Virginia. The designation of the new division will be the 29th (Blue and Gray) Infantry Division (Light). Structuring of the division will be completed in FY 86, with the exception of the air defense artillery battalion, which is programmed to be activated in a subsequent year. The headquarters will be located at Ft. Belvoir, Virginia.

Other significant force structure actions during FY 86 will affect the continued organization of the 35th Division. The maneuver brigades will convert to an organic divisional organization, the Division Artillery will be activated and existing firing battalions will convert to divisional organization. Activation of the recently designed Combat Aviation Brigade will occur. By the end of FY 86, the 35th Division will have all of its structure with the exception of one armored battalion, its air defense artillery battalion, and a target acquisition battery.

The transfer of Active Component missions and equipment sets to the Reserve Components will continue in FY 86. Key actions include the activation of an engineer battalion (combat heavy) and an engineer company (combat heavy) in the Army National Guard. Cited actions are called Reserve Component Initiatives and can be expected to continue.

The roundout role for the 29th Infantry Brigade, Hawaii Army National Guard, roundout to the 25th Division, will change to roundup in FY 86 as the 25th Division converts to the light infantry division configuration. As in the case of the 41st Brigade, the 29th will maintain its current resource priority and training relationship with the 25th Division but will become a corps, rather than a divisional, asset. Consequently, in FY 86, the number of Army National Guard roundup brigades will increase to two. As cited previously, the 6th Infantry Division (Light) will be formed in the FY 86-88 time frame. If an Army Guard maneuver brigade is selected as roundout for the 6th, then the number of divisional roundout brigades will remain unchanged at five. A total of 80 activations and 92 conversions are programmed for Army National Guard units in FY 86.

MANNING THE GUARD

The Army National Guard completed FY 84 by posting one of its most successful years ever in terms of strength gains. During the year, we achieved our highest end strength in history, closing the year with 434,259 men and women. This increase of 17,081 from the end of FY 83 represents 100.3 percent of our programmed end strength, 99.8 percent of authorized strength, and 93.4 percent of wartime required strength. The end strength is composed of 41,847 officers and 392,412 enlisted personnel.

In 1956, Public Law 845 signed by President Dwight Eisenhower, allowed nurses to join the National Guard. In October 1971, the first two prior service women (other than nurses) enlisted in the Army National Guard. Beginning in May 1972, we extended our women's recruiting program to include enlistment of nonprior service women. By the end of FY 72 the number of Army Guardswomen stood at eighty six. Women have since joined the Army Guard in increasing numbers as evidenced by the strength figures for FY 84 which included 2,072 officers/warrant officers and 20,432 enlisted women. Initiatives taken to encourage female accessions include the FY 85 State Accession Mission which, for the first time, included a female nonprior service objective.

Minority commissioned/warrant officer strength at the end of FY 84 was 3,957 (3,495 commissioned; 462 warrant officers). This represents a fiscal year increase of 918 officers and 9.5 percent of the Army Guard officer force. The total for Black officers was 1,883 (1,737 commissioned; 146 warrant officers), 4.5 percent of total Guard officers. Female commissioned/warrant officer strength was 1,946/126, 5.0 percent of our total officer force. We remain committed to the goals and principles of minority officer participation within our officer force as originally established by the Minority Officers Recruiting Effort (MORE) Program in March 1978.

Commissioned and warrant officer strength reached 97.3 percent of our programmed objective for FY 84. Accessions from the Reserve Officers Training Corps (ROTC) accounted for 41.4 percent of total commissioned officer accessions. By FY 90, ROTC accessions are expected to account for over 50 percent of commissioned officer accessions. This will make ROTC the largest single-source for Army National Guard lieutenants. During FY 84, State Officer Candidate Schools (OCS) produced 31.6 percent of our commissioned accessions. Due to production constraints imposed by Department of Army, this percentage is expected to drop to 23 percent in the future. However, State OCS will remain a viable source to meet expanded officer requirements in the event of mobilization, for providing officers to geographically remote areas, and for furnishing enlisted personnel a means of upward mobility in the Guard.

Retention of first-term and career soldiers was an integral part of our historic end strength accomplishment in FY 84. The efforts of our expanded retention force, strength management education and training, command emphasis at all levels, resurgence of patriotism, and positive attitude toward military service enabled us to achieve 82.8 percent of programmed retentions during FY 84.

Quality of our enlisted force has steadily improved. In the last eight years, we have increased the number and percentage of high school diploma graduates (HSDG) while reducing the number and percentage of Test Score Category IV accessions. In FY 77, 61.8 percent of nonprior service (NPS) accessions were high school graduates and 14.9 percent of NPS accessions were Test Score Category IV. By FY 84, 68.8 percent of NPS accessions were HSDG and only 6.9 percent were from the lowest test score category. Enlistment standards have been raised in the last five years to improve the quality of our enlistments. In FY 79, we accepted all Test Score Category IV nonprior service enlistees. Starting in FY 84, the enlistment standard was changed so that only HSDG and high school seniors in Test Score Category IV could be accessed. High school seniors who fail to obtain their diploma must then qualify as Test Score Category III, or higher, accessions. Our personnel quality objective for FY 85 and outyears is to improve accessions by establishing standards that will reduce those categories of individuals that experience the highest attrition rates and least demonstrate potential for successful completion of training.

To achieve established end strength in FY 85 and FY 86, 438,383 and 450,496 respectively, numerous dynamic initiatives have been identified and implemented. The Director, Army National Guard, internally reprogrammed six hundred and one (601) personnel authorizations to expand the existing recruiting force, providing 24 percent growth in the Full-Time Recruiting Force (FTRF) during FY 85. An increase of 225 FTRF personnel is included in FY 86.

In FY 85, an additional 65 Active Guard/Reserve (AGR) personnel will be tasked with increasing the retention of trained personnel who complete their required term of service. With this expanded recruiting and retention force, an aggressive national advertising campaign, and a viable enlistment/reenlistment/educational assistance bonus program, we are confident we can attain programmed FY 85 and 86 end strength.

Officer/Warrant Officer Development

As the Army National Guard plays an increasing role in the national security structure of our nation and its allies, we must prepare our leaders to provide the intellectual and professional leadership for what is one of America's most significant military forces. We are on that path through civilian and military education.

We have continued to raise standards for appointment, promotion, and retention of both commissioned and warrant officers. New policies for military and civilian education requirements mirror the intellectual quality today's modern Army requires of the officer corps. Today's Army National Guard officer education profile shows 53 percent of commissioned officers have a baccalaureate degree or higher. In order to increase this educational level, we have implemented the following changes to the civilian education requirements for commissioned officers: a. all of our commissioned officers are required to complete at least two years of college or, its equivalent, by 1 October 1989; b. all State OCS graduates must have two years of college prior to appointment starting in 1989; c. all officers appointed after 30 September 1983, are required to have a baccalaureate degree before promotion to major. Resident requirements for military education now result in 100 percent Basic Course attendance compared to approximately 65 percent one year ago.

The educational goal established for our warrant officer corps is achievement of an associate degree. Currently 45 percent possess this level or higher civilian education. Warrant officers provide the technical skills necessary to maintain, administer, operate and supervise our increasingly sophisticated systems. In order to ensure that our 8,805 warrant officers keep pace with the Army's new technology, systems, and overall force integration, an extensive Professional Development Program will continue to demand strict military education requirements for appointment, promotion, and retention. During FY 85, a new warrant officer appointment procedure will be developed for the Army National Guard. When implemented in early FY 86, the combination of a general knowledge entry course, coupled with technical certification, will result in higher qualifications and meet both current and future requirements of the Total Army.

To assist our officer corps in achieving these new educational requirements, we have implemented the Assistance for Military Professional Development (AMPD) Program. Currently providing educational assistance to our officers and officer candidates, this new initiative allocates military education funds to each state for use in defraying 75 percent of tuition and laboratory fees identified by the school at the time of registration. AMPD tuition assistance is only available to drilling Army National Guard officers or officer candidates not receiving tuition assistance from any other source, i.e., GI Bill. The policy of providing 75 percent tuition assistance for these personnel under AMPD is intended to coincide with support provided to our AGR personnel under the Army Continuing Education System (ACES).

Additionally, Department of Army has extended the ACES Program to the Reserve Components beginning 1 October 1985. The program will provide educational assistance to all Army Guard personnel in their pursuit of continuing education.

Full-Time Support

Our Full-Time Support program consists primarily of a combination of Active Guard/Reserve (AGR) full-time military members and Military Technicians. Together, the AGRs and Technicians perform essential services without which the Army National Guard would have no continuity of operations and could not be effective in accomplishing the required training, supply, maintenance, administration and management to meet federal missions. Full-time support of units and support activities is a critical element in supporting the growth in strength and modernization of the Army Guard. The Full-Time Support Program is the "Backbone" of the Army National Guard.

For the past several years, much emphasis, including the programing, budgeting, authorization, and appropriation of resources has been given to increasing the readiness of the Army National Guard to perform newly assigned missions. The increased strength, new units, and great amounts of new equipment being delivered to the Army National Guard have greatly increased full-time support requirements. To keep pace with these requirements, we are requesting an increase of 10,096 AGRs in FY 86, bringing our total to 30,679 at year end. The requested increase in AGRs supports our highest priority requirement of providing full time manning for our combat and combat support units. There is also a need for additional technicians to support increased requirements for supply, maintenance, and administrative functions.

We have found, through experience and analysis, that AGR personnel are better suited for providing full-time support to units, whereas, military technicians are best suited for employment in support activities, including headquarters, supply and maintenance. To derive maximum benefit from our full-time support assets, there is a need to separate the functions of AGRs and Technicians by aligning each to those responsibilities that are in concert with the purpose of each program. We have not implemented such a realignment because of a possible conflict with Congressional language prohibiting the movement of technician positions to support activities. We would like Congress to revise the language prohibiting the movement of technician positions and allow us to implement a mix of the force established by Congressional direction in 1982.

EQUIPPING AND SUSTAINING THE GUARD

Although equipment shortfalls remain, never before in our history have Guardmembers been better equipped in peacetime. Not only does the current equipment picture give us confidence in our quest to provide adequately equipped units capable of mission accomplishment, but the prospects for the future give evidence of significant enhancement to our inventories in nearly every category of equipment.

Ground Equipment

Department of Army has initiated plans to accelerate delivery of modern equipment to the Army National Guard. At the end of FY 84, our tank force consisted of approximately 2900 main battle tanks. FY 85 heralds a number of changes and initiatives that will significantly benefit the Army National Guard. Planned delivery of 180 M1 tanks in FY 85 will increase this modern system in the Army Guard to a total of 240. Department of Army has proposed increased fielding of M60A3 tanks to the Army National Guard during the FY 86 - FY 92 time frame. If adopted, all armor units will have 100 percent fill of M60A3s and M1/M1A1 tanks by the end of FY 92.

Accelerated fielding of Field Artillery systems is continuing. As an example, M198 (155mm towed howitzer) fielding was accelerated to units in New Hampshire, Missouri, and Rhode Island in FY 84. TACFIRE, Battery Computer System, and FIREFINDER fielding have met with repair parts and maintenance support problems which have hindered attempts to accelerate the fielding of these systems. Current staff actions in the areas of upgunning current 105mm units to 155mm weapons and fielding of the Multiple Launch Rocket System in our units have demonstrated the Army's desire to accelerate modernization efforts for the Army Guard.

In FY 84, equipment worth $796 million was distributed to the Army National Guard by Department of Army. Based on current plans, $1.045 billion worth of equipment will be distributed to the Army National Guard in FY 85. This will include such major items of equipment as the M1 tank, Bradley Fighting Vehicle, Improved TOW Vehicle (ITV), M198 Howitzer, Chaparral, and AH-1S Cobra Attack Helicopter. Department of Army procured over $900 million worth of equipment for the Army National Guard in FY 84 and projects procurement of equipment worth $1.7

billion in FY 85 and $1.5 billion in FY 86. This equipment will be delivered in the FY 85 - FY 89 time frame.

Congress continued to strongly support equipment procurement for the Army National Guard in FY 85. An appropriation of $150 million was provided for the Army Guard to procure equipment, continuing a practice which began in FY 82. Through FY 85, Congress has provided the Army Guard with appropriations totalling $350 million specifically for equipment procurement. We have utilized these appropriations, in coordination with the Department of Army staff, to improve the equipment posture of our early deploying units. The $150 million provided in FY 85 will procure Armored Personnel Carriers, M198 Towed Howitzers, Improved TOW conversion kits, TRITAC communications equipment, electronic shop shelters, 5 Ton Cargo Trucks, and Commercial Utility Cargo Vehicles.

Congress has also directed Department of Army to procure equipment for the Army National Guard from its Procurement Army appropriations. As a result, Department of Army will procure AH-64 and UH-60 helicopters, C-12 aircraft, Chaparrals, and ITVs for the Army Guard with funds appropriated in FY 85. Funds were also provided in FY 85 for the upgrade of AH-1G helicopters to the AH-1S COBRA/TOW configuration. Since FY 78, Congress has directed procurement of over $600 million worth of equipment for the Army National Guard from Department of Army appropriations. This $600 million added to the $350 million mentioned above totals to over $950 million worth of equipment provided to the Army National Guard as a result of Congressional initiatives since FY 78.

Obviously, the purpose of this significant influx of resources to the Army National Guard is to reinforce our nation's reliance on the Guard as a key element in national security. Nevertheless, we remain critically short of equipment which we view as essential to permit our soldiers to adequately conduct sustained combat operations.

Aviation Equipment

We have a present requirement for 493 attack aircraft. There were 144 AH1 attack aircraft on hand at the end of FY 84 with an additional 75 projected for fielding by the end of FY 86. Of these 75 additional aircraft, 23 are being delivered as a result of directed procurement actions by Congress in prior years and 52 are being transferred from the Active Component. This will increase the total number of AH1 attack helicopters in our inventory to 219. Funds were appropriated in FY 84 and FY 85 to convert 58 of 87 AH-1G aircraft, transferred to the Guard from the Active Component, to the AH-1S COBRA/TOW configuration. Department of Army is requesting funds in FY 86 to convert the remaining 29 AH-1Gs to the AH-1S COBRA/TOW configuration. When the conversion of the 87 AH-1Gs is complete, all 219 attack helicopters in our inventory will possess a TOW/anti-armor capability. In FY 86, we will have a shortfall of 277 attack aircraft. These shortages will be alleviated as the production of AH-64 aircraft for the Active Component causes a displacement of additional AH-1S helicopters to the Army National Guard. The 18 AH-64s, provided by Congress from FY 85 procurement, are scheduled for fielding to an attack battalion in the North Carolina Army National Guard. The selection of the North Carolina unit was based upon its readiness, its corps mission, and its geographic proximity to the non-divisional aviation intermediate maintenance company at Fort Bragg, North Carolina. Fielding of the AH-64s is scheduled to begin in FY 87.

Six C-12 aircraft, provided to the Army National Guard from Congressionally directed FY 85 procurement, will expand our C-12 fleet to a total of eighteen. The influx of C-12 aircraft into the Army National Guard has provided improved command and control of geographically dispersed units. Additionally, it has permitted our leadership to more actively participate in Army programs employing an economically sound method of transportation. It has also provided for redistribution of aircraft throughout the Army National Guard, providing needed aviation assets to states which previously had been denied a reliable command and control capability.

C-12 aircraft are to be used in a regional support role with a selected state responsible for regional support in accordance with the following priorities: Support of the managing state Adjutant General, regional support for other state Adjutants General, support of the managing state staff, support for other regional state staffs, and support for Active Component and other Reserve Component personnel on a reimbursable basis for operating costs.

We operate a fleet of 72 CH-54A/B helicopters which provides our heavy lift capability. The projected phase-out for the CH-54s has been established as the year 2000. In order to maintain these as deployable, supportable, and mission capable systems, several actions are required. These include increased repair parts procurement, product improvement applications for sustainability, depot level repair of the airframes, and an avionic/electronic upgrade. The latter is required to maintain communications compatibility with the more modern Army aircraft. The CH-54 can, with these required improvements, continue to prove worthy of its appropriate nickname, "The Flying Crane".

Air Defense Equipment

We are currently organized with eight battalions of M42 (Duster) Air Defense Artillery (ADA) units, supporting the eight divisions which currently have ADA organizations, and one U.S. Roland battalion, the only unit of its type in the Total Force. The present force modernization plan replaces our Duster units in the FY 85 - FY 90 period. Initially this will be accomplished by converting four Duster battalions to Chaparral and the other four battalions to Stinger organizations. The Chaparral fire units will be fielded from Active Component draw down and other Army inventory for the first and second battalion conversions. The third and fourth battalions are scheduled to be equipped with new equipment purchases. One Duster battalion began its transition to Chaparral in FY 84 and will complete the process in FY 85. The second Duster battalion will begin conversion in FY 85. The Stinger units will be equipped initially with training devices only; subsequently, they will receive the new Lightweight Air Defense System (LADS). Our ADA force will be increased in the future by the activation of six additional divisional battalions, two units for the newest Guard divisions and four units to provide backfill for the Chaparral units. Chaparral units will become corps level battalions when the divisional units are activated to replace them. All divisional ADA units will eventually be fielded with the new LADS. Our ADA force will then consist of ten divisional battalions, four corps Chaparral battalions, and one U.S. Roland battalion. Additionally, three Hawk battalions are to be activated in the Army National Guard for corps missions utilizing equipment displaced from Active Component units.

Modernization of our air defense capability has been among our highest priorities. The aggressive actions taken by Department of Army leadership to resolve this matter are another indicator of the Army's reliance upon the Army National Guard. It further recognizes our ability to effectively employ sophisticated weapons systems as part of Total Force contingency plans.

Communications-Electronics Equipment

In 1982, we conducted a Communications-Electronics Equipment Study which identified problems in the areas of interoperability, compatibility, and supportability. These problem areas were identified to the Army Signal Center, Training and Doctrine Command, Army Materiel Command, Communications-Electronics Command, and Department of Army. Two major interoperability concerns were: (1) first generation multichannel Frequency Division Multiplex (FDM) equipment in our signal battalions and separate signal detachments, and (2) manual switching equipment found throughout our force structure.

Another major equipment issue which has now been identified is Communications Security (COMSEC) for combat net radios in our units. This is an area of critical importance to combat and combat support units. Although VINSON COMSEC equipment is now critically short, it is being fielded and the fielding pace will accelerate over the next two years. However, COMSEC for our forces will remain a critical issue due to the significant shortfall that will remain.

Tactical automation is now programmed by the Department of Army for issue to approximately one-third of all of our battalions. Initially, tactical automation will be provided down to battalion level in the form of Tactical Army Combat Service Support Computer Systems (TACCS). TACCS will complement previously fielded Decentralized Automated Service Support Systems (DASS) and will increase productivity in all areas of combat service support.

Since the previously mentioned FY 81 study, we have utilized equipment procurement appropriations provided by Congress to procure over $125 million worth of modern, state-of-the-art communications equipment. Coupled with earlier Congressionally directed procurement from Department of Army appropriations, we will receive distribution of approximately $250 million worth of modern communications equipment in the FY 85-87 timeframe.

Signal force structure and signal architecture actions initiated by Department of Army will push our signal structure and equipment posture into a position of being fully interoperable and compatible with the Active Component by the end of FY 92. The capability of our signal units and signal equipment within combat and combat support units, to meet commander's communications requirements, is rapidly improving. Of special importance for future capability are the results of Battlefield Communications Review II. This strategy equips the Army National Guard simultaneously with the Active Component on a theater and corps set basis. This is one of the most important developments in signal planning and programming to date. It will result in a synchronized increase in Communications-Electronics readiness, sustainment, and force modernization in the Army National Guard, in concert with the Total Force policy.

Organizational Clothing and Equipment

The Organizational Clothing and Equipment (OCE) program has been underfunded for a number of years while requirements have continued to grow. Within the

overall program of OCE, the most important area of concern is the status of Chemical Defense Equipment (CDE). We have pursued an aggressive program to purchase CDE for contingency and training stocks for the entire force. Limitations on funding, particularly during FY 84, and the nonavailability of some protective clothing and equipment items have slowed the progress toward achieving these goals. Shortages of CDE amounted to $66.6 million at the end of FY 84 and are projected to be $55 million at the end of FY 85. With the introduction of the new chemical defense battle dress overgarment and increased funding in FY 85, our chemical defense posture is improving. We will receive 50,000 sets of the battle dress overgarment in early FY 85 with an additional 250,000 sets programmed for late FY 85 and FY 86. This should provide contingency stocks for two-thirds of our force while freeing up a significant number of current contingency assets for training purposes. Funding provided in the FY 85 budget and requested for FY 86 will support procurement of the Personnel Armor System Ground Troop (PASGT) helmet and vest, Combat Vehicle Crewman Uniform System and the Extended Cold Weather Clothing System. These are modernized systems which are scheduled for fielding to the Army National Guard beginning in FY 85. Significant quantities are expected to be delivered in FY 86.

Repair Parts

Our total repair parts resource requirement reflects maintenance costs directly related to the age of our equipment, to increased quantities of new and more complex equipment, and to the rate of equipment usage by our units to support year around training programs. Repair parts in short supply are high dollar value items such as combat vehicle/tank track, ballistic fire control components, artillery barrels, electronic equipment modules and circuit cards, rust repair components, engineer construction equipment parts, and those repair parts needed to support older models of equipment that are no longer in the Active Army equipment inventory. Funding for repair parts in FY 84 was approximately $7 million below the FY 83 funding level of $123.8 million. This reduced funding, caused by negative growth in the FY 84 Operations and Maintenance, Army National Guard appropriation, resulted in a significant year end FY 84 repair parts shortfall of $132.6 million. Funding for repair parts in FY 85 provides an increase of $72.3 million above the FY 84 level. This significant increase will enhance our materiel readiness program. The most notable improvement will be realized in the increased stockage levels of combat essential Prescribed Load List (PLL) and Authorized Stockage List (ASL) repair parts, reduced to almost zero balance levels during FY 84. Some repair parts shortfalls will continue in FY 85 due to significant increases in both equipment inventory and in the variety of makes and models of equipment to be maintained. The repair parts backlog at the end of FY 85 is projected to be $95.0 million. Repair parts funding requested for FY 86 provides an increase of $36.5 million above the FY 85 level. This increase will improve our materiel readiness program and equipment deployment capability. It will ensure that adequate quantities of repair parts are available to sustain day-to-day maintenance operations. However, significant shortages for PLL and ASL repair parts will continue in FY 86. The repair parts backlog at the end of FY 86 will be approximately $138.6 million.

Depot Maintenance

A series of depot maintenance programs designed to improve readiness is being initiated in FY 85, or continued from prior years, and is expected to continue in the future. Product Improvement Programs for modernization of combat vehicles continue with upgrade of M109A2 155mm self-propelled howitzers to the M109A3 configuration, anticipated to be completed in FY 85. The principal improvement resulting from this upgrade is creation of additional on board ammunition storage capacity. Conversion of the M113 family of vehicles to the A2 model, begun in FY 84, is expected to be complete in FY 89. Conversion to the M113A2 includes cooling and suspension improvements, required as a follow on to the replacement of gasoline with diesel engines, accomplished with the upgrade to the M113A1 configuration. The Coordinated Logistics Support Program was initiated with Communications-Electronics Command in FY 85 and provides improved direct exchange and repair and return to user programs for communications and electronics equipment. Additionally, we are heavily involved in a rustproofing program for all commercial and tactical wheeled vehicles in the inventory. The program is designed to extend the life and ensure availability of these vehicles for the foreseeable future at a cost of approximately $5 million per year. Programmed completion date for the current rustproofing program is FY 89.

We will implement or continue in FY 85 significant aviation depot maintenance programs which are designed to enhance the readiness of the aviation assets in our inventory. Funding was provided by Congress in FY 84 and FY 85 to convert 58 AH-1G aircraft to the AH-1S configuration. Initial delivery of converted airframes is anticipated in FY 86. An overhaul/modification program for OH-6

aircraft is scheduled for start-up in FY 85 at the Mississippi Army National Guard Aviation Classification and Repair Activity Depot (AVCRAD). This program will provide increased reliability and sustainability of the OH-6 aircraft. During FY 85, the OH-58 tail rotor and power droop improvement program will commence. These improvements will greatly increase the reliability and safety of the OH-58 aircraft. We will continue the U-8F aircraft engine modification contract with completion scheduled in FY 86. Cost savings resulting from painting aircraft at the AVCRADS rather than utilizing depot labor at Corpus Christi Army Depot have been in excess of $10 million since this program was instituted in FY 81. The FY 85 on condition maintenance program for the Army National Guard calls for the induction of 85 UH-1, 1 AH-1, and 19 OH-58 aircraft in Corpus Christi Army Depot for overhaul.

Military Construction/Facilities

The backlog of our construction requirements at the end of FY 84 rose an estimated $13 million to $813 million. Increases in this backlog will continue throughout FY 85 and FY 86, peaking at approximately $900 million. This will occur despite significant program growth in FY 85 and FY 86 over the FY 84 funding level. Growth in the construction backlog is a direct result of increased facility requirements to support our expanding force structure and identified shortfalls in training facilities needed to support assigned missions. Among the specific requirements are $22 million for new and modernized facilities for the 29th Infantry Division (Light), scheduled for activation in FY 86. The authorized $98.9 million FY 85 program will permit the construction of fifty major projects. In the FY 86 program request, sixty-seven major projects are proposed including construction of new facilities and modernization or replacement of inadequate, high-dollar contributors to the Backlog, Maintenance and Repair (BMAR).

At the end of FY 84, the BMAR was $59.2 million. For the first time ever, the FY 85 budget contains funding allocated specifically for BMAR reduction, which will cause the backlog to decrease to an estimated level of $52.0 million at the end of FY 85. The Congressionally mandated level of $15.0 million will be achieved by the end of FY 88 if funding, as programed, is provided.

Our range modernization program is aimed at management of range design planning and construction. Additionally, the program will provide a means to meet the training needs generated by force modernization and upgrade existing facilities which have suffered from over a decade of underfunding. An Army National Guard Five Year Master Range Plan has been developed to interface with the Army's Master Range Plan. We are scheduled to receive the Remote Target System on a number of proposed ranges. These new ranges will be fully automated with modern target arrays which realistically portray threat formations and meet training task conditions. The Multipurpose Range Complex will satisfy gunnery requirements for the total family of weapons currently on hand and projected for the Army National Guard inventory.

TRAINING THE GUARD

We rely upon effective training to make our quality people and equipment work together as a team. We may never have all the resources we require, but we are doing everything in our power to ensure that our troops are as combat ready as possible with what they have. As a result, our training continues to be challenging, demanding, and effective.

Unit Training

In the future, we will continue pursuing our goal of "training up"--conducting combined arms training in our units throughout the Guard, at the level at which they will be required to fight. An example of the type of training we are advocating was conducted by the 40th Infantry Division (Mechanized), California Army National Guard, during FY 84 annual training. Sunburst II, a force-on-force combat scenario field training exercise (FTX), was conducted at Fort Hunter Liggett and Camp Roberts, California. This FTX brought the division together as a single unit for the first time in two decades. Although units participating in the exercise were mainly from California, some units convoyed with their organic equipment to the annual training site from as far away as New Mexico and Oregon. The exercise tested the ability of the division to control, move, administer, and supply all of its organic, attached, and many of the supporting elements with which it would go to war. Training with divisional and non-divisional units in the field made real the concept of a division as a combat unit. The unit commanders of the 40th Division, their staffs and unit personnel learned to conduct operations over distances and in real time as combat situations would dictate. This kind of realistic training is experienced only in an exercise like Sunburst II. Finally, the division realized it could operate as a whole regardless of the difficulties inherent in the situation, mission, or terrain and

in spite of some shortfalls in personnel and equipment. Putting the value of Sunburst II in perspective, one of the brigade commanders stated, "without this level of exercise, brigades would never have the opportunity to experience the problems, develop solutions, and learn to operate as an element of the larger organization". Another commander noted, "In order for a division to fight as a division, it must train as one."

An exercise of this magnitude is not accomplished without extensive planning, coordination, and adequate resources. The division was overwhelmingly successful in both the planning and execution of the exercise. It was a remarkable achievement, indicative of what the Army National Guard can achieve and the type of training to which we aspire.

Army Guard participation in National Training Center rotations, exercises, and overseas deployment training (ODT) continues to be our most valuable source for realistic training in a simulated combat environment.

Within the last two years, two of our roundout battalions have experienced the rigors of training as part of a National Training Center rotation at Ft. Irwin, California. These units trained as an integral part of a brigade task force from their parent Active Component division. Lessons learned by these units during their National Training Center experience provide the basis for needed adjustments to their home station training strategy. Five of our roundout battalions will participate in National Training Center rotational training in FY 85 and three more will be challenged by this valuable training experience in FY 86.

Joint Chiefs of Staff (JCS) and Army Major Command (MACOM) exercise participation is designed to train units to evaluate standing operating procedures and war plan development; provide opportunities for CAPSTONE wartime mission training and to strengthen CAPSTONE relationships; train commanders and staffs in the Airland Battle doctrine in as realistic an environment as possible; exercise and evaluate personnel, administrative, logistics, and communications systems; and weld all elements - combat, combat support, and combat service support - into an effective combined arms force. During FY 84, 284 Army National Guard units and unit cells, involving approximately 13,000 personnel, participated in 14 major JCS/MACOM exercises in the Far East, Europe, Central America and the Caribbean. Forty-one units and unit cells participated in REFORGER 84, to include two battalions which shipped their equipment to Europe for the exercise. FY 85 plans call for participation by 318 units and unit cells in JCS/MACOM exercises. Deployment for REFORGER 85 will involve 51 units and unit cells, to include a mechanized infantry battalion task force and an infantry battalion, which will ship their equipment, and three company size units which will draw POMCUS (Prepositioning Of Materiel Configured to Unit Sets). Ninety one Army National Guard units and unit cells will participate in WINTEX 85, a JCS/NATO exercise conducted in Europe, and an infantry battalion will participate in BRIM FROST 85 in Alaska. Current plans call for participation by 394 units and unit cells in JCS/MACOM exercises in FY 86. This includes a mechanized infantry brigade which will deploy with its equipment for REFORGER 86.

Early 1984 marked the start of a unique Southern Command (SOUTHCOM) exercise called Minuteman. Exercise Minuteman I was a JCS approved, SOUTHCOM sponsored, combined task force engineer training exercise conducted on the western coast of the Azuero Peninsula, Republic of Panama. The exercise objective was to provide realistic, environmentally unconstrained engineer training, tropical medicine training and logistics over the shore training not available in the United States during stateside Annual Training. From 11 March to 5 May 1984, a total of 750 soldiers from the Puerto Rico, Louisiana, and Florida Army National Guard, the 193rd Infantry Brigade (Panama) and the Panama Defense Force joined forces to construct a 15 kilometer road between Llando de Mariato and Cerro Melena and to survey an additional 27 kilometers of road between Cerro Melena and Arenas. The achievement of this training objective is noteworthy in that Army National Guard elements landed in a totally foreign environment, established operational areas, and successfully completed a major engineer project in a short period of time. Troop support, security, administration, and resupply were also provided during the entire exercise period. This is one of the most remarkable training achievements ever realized by the Army National Guard. At the present time, Exercise Blazing Trails-85, the continuation of Minuteman I, is underway. The exercise objective is to repair and construct 43 kilometers of road and bridges. Engineer, logistical, medical, and security support are being provided by units from Alabama, Louisiana, Missouri, North Carolina, Puerto Rico, and Wisconsin. Public affairs detachments from Florida, Kentucky, New Jersey, and Texas are also participating. Exercise Blazing Trails-85 is providing our units and personnel outstanding training opportunities in a realistic and demanding environment.

Our ODT program, which has deployed Guard members to Europe, the Far East, and Central America, continues to expand. A total of 527 units and unit cells are

scheduled to participate in ODT during FY 85 - a significant increase since the program began in 1976 with only six units.

Individual Training

Another proven success is the Army National Guard Key Personnel Upgrade Program (KPUP). The purpose of KPUP is to further develop key personnel in our units through direct association with their Active Component counterparts during tactical training exercises. It allows our personnel to perform in their assigned military occupational specialty (MOS) either in place of or alongside their Active Component counterpart. During FY 83, Army National Guard KPUP personnel participated for the first time in REFORGER with active Army units currently deployed in Europe and also in tactical training at the National Training Center as integral members of active Army units training there.

These experiences of employing their skills with active units and utilizing the most modern equipment under demanding tactical situations have greatly contributed to improved MOS proficiency. Additionally, it has given our Guardmembers great confidence in their abilities. They return to their units with valuable tactical experience and new techniques which they have practiced in real tactical situations. We look forward to the further enhancement of training and leadership skills for our key personnel through ongoing KPUP opportunities.

The value of KPUP to the enhancement of our combat capability is inestimable - its potential almost unlimited. As an example, in the first quarter of FY 85, nearly 300 Guard personnel have participated in National Training Center rotations with Active Component units, practicing their military specialties as integral parts of Active Component units at Ft. Irwin. The brigade commander, 31st Armor Brigade, Alabama Army National Guard, has reported that over 500 members of his command are veterans of NTC training with Active Component units under this program. Similar experiences are reported by other commanders whose personnel have benefited from KPUP. The significance is that although relatively few of our units have actually participated in NTC rotations, many individual Guardmembers are participating and returning to their units with this valuable experience. High Army Guard retention rates coupled with the expansion of KPUP training will result in development of more effective units with well qualified individuals at relatively low cost.

NCO Education and Training

It is the responsibility of National Guard leadership to provide our non-commissioned officers with the training they need and deserve to permit them to lead our soldiers in battle. It is the NCO and his soldiers who fight the battles; it is they who are closer to the enemy and the fury and agony of combat. Our missions will be accomplished because of their courage and skill more than any other factors. For that reason, the development of our NCO education and training programs will focus on achieving that objective.

Our commanders and senior non-commissioned officers have applauded the contributions of the Reserve Component Non-commissioned Officer Education System (RCNCOES) to the improved leadership posture of our NCO corps. Success of the program is such that approximately 30,000 students are expected to graduate in FY 85. Estimates are that approximately 35,000 students will graduate from RCNCOES courses in FY 86, more than five times the number that graduated in FY 80, the year the program was implemented. RCNCOES training is devoted primarily to leadership skills. Battle skills and MOS enhancement are critical elements of NCO professionalism and are addressed elsewhere.

Our RCNCOES program includes the Primary, Basic, Advanced and Senior Noncommissioned Officer (NCO) Courses and the Reserve Component First Sergeants Course. Commencing in FY 85, the Reserve Component Primary Leadership Development Course (RCPLDC) will replace the Primary and Basic NCO courses. The RCPLDC was developed to correct the shortcomings that existed in the Primary and Basic courses and gave recognition to the fact that neither course provided any real training on "how to train subordinates". We have implemented five Regional Primary NCO Schools and one centralized Advance NCO School to enhance NCO training and reduce the backlog of 159,000 partially trained NCOs. These NCO Schools will train nearly 15,000 students during FY 86 and will complement the NCO training of the State Military Academies, projected to train approximately 25,000 students next year.

History has proven that events of battle often call upon all soldiers to be able to fight, whether they be cooks, mechanics, or clerks. All of our personnel must be prepared to meet the same battle tests as infantrymen. The Army National Guard Battle Skills Course is designed to provide instruction in the technical aspects of squad and platoon weapons, their tactical employment, live fire familiarization and planning the use of nonorganic supporting weapons. The training, initiated in FY 84, is designed to complement the train-to-train skills taught in the RCNCOES. The course is available to all E5 through E9 Army National

Guard soldiers and is conducted on a year around basis at Camp Robinson, Arkansas. This course, consisting of a 15 day period with 154 hours of scheduled field training, will train nearly 2500 Army National Guard soldiers during FY 86. The Battle Skills course is ideally suited for NCOs who, because of time constraints, are unable to attend comparable Active Component courses of longer duration.

Another specialized training course initiated in the Army National Guard during FY 84 is the Reserve Component Tank Commanders Course. The purpose of this course is to prepare our NCOs for the duty position of Tank Commander in a Tank Company or Troop. Students are trained to instruct crew drills and teach basic skills to their crews. The Tank Commanders Course is taught at Gowen Field, Boise, Idaho and will train over 800 Army National Guard tankers during FY 86. Again, this course fits the needs of Guardmembers with limited time to devote to their military duties.

In order to ensure that the Active Guard/Reserve (AGR) force meets the same professional standards as their active Army counterparts, we have developed the Military Education Program (MEP). In most instances, MEP requires that AGR personnel attend the same courses conducted by the active Army at an appropriate time in their AGR career. Continued service in the AGR program is predicated upon successful completion of MEP. AGR personnel have an immense responsibility to increase our unit readiness by planning and conducting training, preparing the unit for rapid mobilization and deployment, and providing the highest quality leadership at all levels. To set any other standard for professional development is to deny the quality leaders that our soldiers deserve. Equally important is active participation in the MEP by our military technicians. As a vital element of our full-time support force, they must be provided opportunities to attend MEP. This will enhance their ability to perform in both their military and technician capacities. In addition to MEP, technicians must be properly trained to do their technician jobs. The proponency courses taught at the National Guard Professional Education Center, Camp Robinson, Arkansas, contribute to this objective. Participation in MEP and proponency courses will ensure professional development and enhance readiness of all members of our full-time support force.

Army National Guard Aviation

Current aviation training efforts have been greatly improved by the FY 83 activation of the Eastern Army National Guard Aviation Training Site (EAATS). Developed to handle the increased training work load in qualifying our aviators to meet individual and crew requirements, EAATS is designed to complement current training programs, not to replace them. A second aviation training site, the Western Army National Guard Aviation Training Site, is scheduled to be operational by FY 87. Its mission will be to supplement unit tactical training requirements.

The training of our aviation elements is among our highest priorities. We must develop more combat oriented training opportunities for our aviators and their units. Our reliance on Army aviation for much of our ground support clearly dictates that our training and experience must be focused on fully integrated training programs for Army aviation.

We have established an intensive night vision goggle (NVG) training program to meet aviation mission requirements. This training requires not only specific flight training but specialized equipment. The Aviator's Night Vision Imaging System (ANVIS) has been designed to help the aviator meet this essential mission requirement. It is necessary for the Army National Guard to receive ANVIS in the near future for its aviation units for increased operational capability, cockpit compatibility, safety and reliability.

We are in the third year of an eight year NVG qualification training program. This program includes qualification of all of our rotary wing aviators by FY 87 and maintenance of proficiency for aviators assigned to tactical units. This training is being accomplished commensurate with the availability of resources required to conduct NVG training. To date, 1248 of our aviators have been trained with NVGs without an aircraft accident. At the conclusion of this program, our tactical aviation units will have a 24-hour day/night tactical mission capability.

We have experienced an increase in Undergraduate Pilot Training (UPT) quotas from 140 in FY 82 to 237 in FY 84, utilizing all UPT quotas during FY 84. These quotas will increase during the 1980s and will eventually provide an output of 250 Army Guard aviators per year by FY 89. We have seen positive results over the past 3 years since imposing a restriction of 27 1/2 years of age to apply for Initial Entry Flight School. The tradeoff for our highly experienced force of aviators is its steadily increasing average age. Our program is solving the "Aging Aviator" problem and establishes a 20 year life-cycle aviator management program.

Safety

The Army National Guard aviation accident rate increased from 2.00 accidents per 100,000 flying hours in FY 83 to 2.58 in FY 84. Human error on the part of

commanders, supervisors, maintenance personnel, and aircrews continued to be the major factor in these accidents. Individual accountability at all levels, intensive management of aviation safety school quotas, and a quarterly aircraft accident review and trend analysis videotape are major elements in the countermeasure program developed to combat this rise in aircraft accidents.

Through an intensive Army National Guard countermeasure program, we experienced an 18 percent reduction in army motor vehicle accidents from FY 83. The FY 84 rate was 1.44 accidents per one million miles of exposure. Fatalities were reduced by more than 50 percent. Non-fatal accidents from other than army motor vehicles were also reduced by 13 percent. To continue an aggressive accident prevention program designed to further reduce personal injury and property damage, we have developed a unit safety officer/NCO training course to be fielded during FY 85. Additionally, a national safety awareness program has been distributed to all of our units. The FY 85 program, the last of an overall five year series entitled "Operation Safeguard", is targeted at the prevention of personal injuries during training exercises and is entitled "Be in Control".

Training Support

Among our greatest training inhibitors has always been an inability to get full benefit from Inactive Duty Training (weekend training assembly periods). We have attacked that problem through training support. This support is designed to enhance our available training time by making ranges, local training areas and armories more effective as training centers through modernization and employment of training devices and simulators.

To maintain our mission readiness through training, the full support of training devices and simulators is essential. This is especially true in light of the unprecedented integration of modern weapon systems and increased constraints on human and materiel resources. The FY 86 budget reflects a $53 million commitment by Department of Army to provide the Army Guard technologically advanced training devices. Procurement of 181 platoon sets of the Multiple Integrated Laser Engagement System (MILES) is programmed. This will provide one set per battalion to each of our maneuver battalions. Two devices designed for use in armories are planned for delivery in FY 86; 103 Tank Gunnery and Missile Trainer Systems (TGMTS) and 252 Video Disc Integrated Gunnery Systems (VIGS) will be fielded to armor units. Additional devices such as Dragon Launch Effects Simulators, Stinger Launch Effects Simulators, maintenance trainers, and chemical detector trainers are programmed for delivery to the Army Guard as part of the $53 million package.

We are developing a training device initiative entitled "Guard Unit ARmory Device Full-Crew Interactive Simulation Trainer (GUARDFIST)". This incorporates the interlocking training strategy of conducting full crew training at the garrison and local training area with a high technological training device that takes advantage of interactive video capability. It is anticipated that this device will keep up with future technology and be used into the 21st century. Current initiatives are aimed at armor and artillery crews, dubbed GUARDFIST I and II, respectively.

Another effort to improve inactive duty training effectiveness involves upgrading and expanding local training areas to offer the best opportunity for tactical training close to home. We have developed a training strategy to assist us in resourcing armory training, local training areas, and major annual training areas. It is designed to maximize time, fuel, and ammunition but reduce wear and tear on equipment. It provides effective, economical training in peacetime and permits us to achieve our training standards while better utilizing time and resources. This interlocking strategy provides a "crosswalk" from platoon level to battalion level training outlined as follows:

a. Training devices are employed which can be used at the armory/garrison training area through platoon level.

b. Local training areas are developed and built where needed; they can be used to train through company level to include company and team combined arms live fire exercises or their subcaliber and MILES equivalent.

c. Annual training at major training areas is devoted to battalion, task force maneuver and combined arms live fire exercise training.

Establishment of Army National Guard Regional Training Centers (RTC) in densely populated areas would further enhance increased levels of training and maximize efficient utilization of training resources. The Ft. Dix, New Jersey RTC is a prototype facility, programmed for construction in FY 86, that will provide a multipurpose unit training location. The RTC will help sustain soldier skills and develop the crew, squad and platoon proficiency required to operate the newest of the Army's weapon and maintenance systems. It will also incorporate high technology training devices on hand and those currently being developed to train combat, combat support and combat service support personnel and units. The center will be flexible enough to accommodate future improvements in state-of-the-art

training devices. Ft. Dix is centrally located near five Army National Guard divisions in a high unit density area. It will afford high technology simulation training facilities for division, brigade, and battalion command and staff training.

Studies conducted by the Logistics Management Institute and the Industrial College of the Armed Forces, coupled with the Department of Army Management Action Plan (MAP), have recognized training shortfalls in Reserve Component (RC) maintenance units and have recommended establishment of Regional Maintenance Training Sites (RMTS). The RMTS will provide maintenance MOS skill transition and sustainment training during peacetime. This training will enable the mobilization and deployment of RC maintenance companies capable of supporting current and force modernization systems. We are working with Department of Army and other Major Commands to develop programs of instruction, procure facilities, provide manpower, and field maintenance training devices to the RMTS. The Army National Guard has been assigned proponency for fourteen sites which will be colocated with Mobilization and Training Equipment Site./Unit Training Equipment Sites. The first two RMTSs will be operational during FY 86.

Our hospital units currently train with limited amounts of inadequate equipment, different from that which they would be expected to use upon mobilization and which is insufficient to establish the necessary section and unit skills. Establishment of Army National Guard Medical Regional Training Sites is one solution to the problem and essential if our hospital units are to have access to medical equipment sets currently being procured for them. Each Army Guard Medical Regional Training Site would provide storage, maintenance and collective training support for one complete set of modern field hospital equipment. Units would utilize the equipment to conduct section and unit training in a field environment during annual training and could move it to their armories for training during weekend training assemblies. By establishing Army National Guard Medical Regional Training Sites, individual soldier skills and unit training will be markedly improved, thus enhancing the readiness of our sixteen hospital units. Funding of four sites has been proposed with the first being constructed in FY 87 and becoming operational in FY 88.

Actions by Department of Army to increase quantities of training ammunition for the Army National Guard are reflected by authorizations provided in FY 84 and FY 85. In FY 84, we received 60 percent of our training ammunition requirement, valued at over $145 million. The authorization for FY 85 is nearly $195 million, 67 percent of our requirement. This represents the largest percentage of requirement and dollar amount of authorization received in the last five years. We will continue to experience some shortfalls, particularly in 81mm mortar ammunition and 2.75 rockets. Additionally, shortages in small arms blanks may have an impact on MILES training.

READYING/MOBILIZING THE GUARD

We experienced an overall readiness decline of two percent for FY 84. Although military occupational skill qualification, available personnel, and training readiness ratings improved, equipment on hand readiness fell two percent causing the overall decline. We are in a dynamic period. More high priority missions are being assigned to the Army National Guard which causes changes in the force structure and implementation of force modernization programs to ready the force to meet these new challenges. Although all readiness factors are affected by this change, the greatest impact is in the area of equipment on hand. Overnight a unit can go from a combat ready posture to a non-combat ready posture merely because of a force structure change authorizing equipment which is not yet available to the unit. This phenomenon is known as "instant unreadiness".

The Department of Army has instituted numerous initiatives to address the readiness issue. Among these are the following:

a. A policy to combat the "instant unreadiness" phenomenon which permits units to delay the effective date of force structure changes to coincide with the date new equipment will be available. It also permits certain equipment items to be nonreportable for a specified timeframe to allow a realistic amount of time to bring the amount of equipment fill of these items to a combat ready status. The Army National Guard has developed implementing guidelines for this policy.

b. Revision of Army Regulation 220-1, Unit Status Reporting, is designed to more accurately portray the actual readiness status. An example being considered is to allow a unit to report a non-combat ready status (C-5) rating (used for activations and major reorganizations) beyond the current 90 day limit until the unit is able to acquire the resources (personnel and equipment) required to achieve a combat ready rating.

Other measures, instituted by the Army National Guard, include:

a. Alleviation of equipment shortages through Readiness from Redistribution of Army Materiel (REDFRAM). This program provides for movement of equipment from

low priority, late deploying units to higher priority units.

b. Development of a plan to improve the Army National Guard strength posture through actions such as emphasis on reenlisting careerists, recruiting prior service soldiers, and providing additional enlistment and educational benefits to early deploying units.

c. Enhancement of training readiness through emphasis on upgrading local training areas, attendance at the National Training Center, and participation in overseas deployment training. More of our units than ever before are engaging in realistic training overseas such as the recent engineer training exercise in Panama.

d. Establishment of state readiness committees to review, in detail, unit readiness status and to institute state level programs to eliminate readiness detractors and to alleviate local readiness problems. Actions a state readiness committee can employ include redistribution of equipment, recommendations for increasing unit training assemblies, or reprioritizing use of training areas and ranges, all of which are designed to maximize improvements in readiness within that state.

The readiness rating provided from unit status report data is only one of many indicators of total mission capability, others being modernization, force structure, and sustainability. As the Army National Guard replaces old items of equipment with new ones, unit capability is increased. However, there is no current system to measure and report these capability increases. For example, an armor unit which receives the new M-1 tank may not change its readiness condition; however, its fighting capability has expanded significantly. We are working with the Active Army to develop such a measuring tool.

The ability to rapidly mobilize our forces and effectively move them to planned locations remains a matter of serious concern to us. Training of our mobilization planners is now a reality with the initiation of the needed Mobilization Planners Training Course. This course will fill an obvious void in our planning effort and will produce more functional plans by ensuring that thoroughly knowledgeable planners are in the program. Along with planning, execution of mobilization plans and procedures remains a high interest area.

We will continue increasing the number of units that participate in mobilization exercises. Our goal for FY 85 is to evaluate 100 percent of units selected for FY 85 Overseas Deployment Training by conducting Mobilization and Deployment Readiness Exercises. That goal should be achievable and has been reestablished for FY 86.

In FY 84, more than 450 mobilization exercises were conducted and more than 500 are planned for FY 85. Although these exercises are a successful means of evaluating our mobilization preparedness, funding is available only for early deploying units. Therefore, we are currently unable to evaluate over 60 percent of our combat divisions, 90 percent of separate brigades, and 100 percent of armored cavalry regiments.

FAMILY AND EMPLOYER SUPPORT

The families, employers, and the American public in general must understand that the Army National Guard carries a major portion of the defense of this nation. Increased participation in National Training Center rotations, JCS exercises, and overseas deployment training serve as examples of expanded training required of many units. Our personnel often find it necessary to train beyond the normal two week annual training period and forty-eight training assemblies per year. As a result, the potential exists to strain family and employer relationships. Acknowledgment of the moral support of families and economic support of employers during these extended training periods must, therefore, be made. The role of the Army National Guard in the defense of this nation is increasing and the continued support and understanding of families and employers toward the citizen-soldier is vital to the success of that effort.

SUMMARY

Leadership is the Army theme for 1985. Army National Guard leadership must exercise a high degree of motivation and sensitivity to strike a balance between the military requirements and civilian obligations placed on our citizen-soldiers. This is especially important in light of the increased reliance being placed on the Guard for National Security, and the effect this could have on every aspect of each soldier's life. Our leadership, at every echelon, must set an example of military professionalism to be emulated by all who serve within our sphere of authority. The exercise of leadership by Army National Guard officials must take the form of providing sound management and enthusiastic support of those programs designed to protect our nation and people.

Our role in the Total Force is vital to our nation's defense. The overall picture for the Army National Guard through the remainder of the decade is a positive one. We have achieved goals beyond our expectations. There is a great deal yet to be accomplished, but I believe we are equal to the challenges ahead, for only with new challenges can we continue to grow and strengthen.

BUDGET OVERVIEW
OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

The Operation and Maincenance, Army National Guard appropriation request has been carefully developed to provide balanced operations, logistics, and administrative support to Army National Guard (ARNG) units. This appropriation provides for military technician pay, training operations, stock fund supplies/equipment, fuel, equipment maintenance, facility maintenance, headquarters operations, recruiting operations and medical support. Operation and Maintenance, Army National Guard finances all costs, except military pay, for operating and maintaining the Army National Guard. The FY 1986 request provides for the training and operational support of an end strength of 450,496 ARNG personnel. Included in the $1,605.2 billion budget estimate is $667.3 million for pay and benefits for 24,553 civilian personnel and $937.9 million for the operation/maintenance/repair of over 3,458 company size units and over 2,260 separate facilities/activities.

The $1,605.2 billion includes negative cost growth of $36.7 million, of which $25.9 million is for the 5 percent reduction in civilian pay, and program growth of $202.6 million. The program growth is a result of requirements to support the reactivation of the 29th Division, additional mobilization requirements, accelerated fielding of force modernization equipment, increased field training, and anti-terrorism projects.

Details of the major budget activities are included in the following paragraphs.

TRAINING OPERATIONS

This activity provides training support of ARNG units to ensure that ARNG forces are combat ready for mobilization. It provides pay of full-time training technicians assigned to ARNG units, training aids, inactive duty training travel and technician school tuition and travel. This funding supports the needs of 3,458 company size units/detachments located throughout the 50 States, Puerto Rico, the Virgin Islands, District of Columbia, and Guam.

The FY 1986 request includes net negative cost growth of $4.3 million composed of $5.6 million for the 5% civilian pay reduction offset by a $1.3 million increase for inflation. The program growth of $11.5 million supports increases in Inactive Duty Training (IDT) travel required to transport personnel to training sites for unit and weapons training during weekend training assemblies, fielding of new equipment, training aids and materials to support new target systems, range improvements which accommodate the capabilities of modern high technology weapons entering the inventory, and technician travel to schools required to gain the skills necessary to support force modernization equipment entering the inventory.

LOGISTICAL SUPPORT

Logistical support provides resources for ARNG units to meet readiness objectives and for the overall mission of ensuring combat readiness at mobilization. It provides funds for the compensation of full-time logistical support technicians, procurement of stock-funded clothing and equipment items, procurement of repair parts for surface and aviation equipment, fuel for surface and aviation equipment, equipment transportation charges, and commercial communications support.

The FY 1986 request contains negative cost growth of $35.1 million composed of $12.7 million for the 5 percent reduction in civilian pay, stock fund rate adjustments resulting in a decrease of $19.8 million, and fuel price reductions of $5.5 million. Positive cost growth for inflation is $2.9 million.

Program growth of $137.5 million includes $75.9 million to be utilized for procurement of Organization Clothing and Equipment (OCE) such as Personnel Armor System Ground Troops (PASGT), Camouflage Systems, Chemical Defense Equipment, and Medical Equipment; $51.9 million for procurement of repair parts to support force modernization equipment and increase stock in essential repair parts; $2.9 million increase for Petroleum, Oils, and Lubricants (POL)

to support increased training requirements and increased flying hours; $1.5 million for transportation services required in the redistribution of displaced equipment; $1.1 million for communication support; $0.8 million for other supplies and services; and $3.4 million for technician travel to support new units and systems. The OCE backlog will decrease $29.8 million. The repair parts backlog will increase $43.6 million in FY 86.

BASE OPERATIONS

Base operations provides for the operations, maintenance, and repair costs associated with state-operated training and logistical facilities, armories, aviation facilities, and United States Property and Fiscal Office (USPFOs) installations. In addition, funds are provided to the Army for the opening, operating, and closing costs at Active Army training sites for ARNG annual training.

The FY 1986 request of $139.5 million includes cost growth of $5.5 million for inflation and program growth of $5.1 million in support of combating the terrorist threat and expansion of existing facilities required by force structure increases. The Backlog of Maintenance and Repair (BMAR) is estimated to be reduced $4.2 million.

DEPOT MAINTENANCE

This activity group provides for the major overhaul of aircraft, surface vehicles and equipment beyond the capability of the States to perform. Depot level maintenance is performed at U.S. Army Depots by the Army Industrial Fund and by contract. Aircraft depot maintenance requirements are determined in accordance with inspection criteria of the Army Aviation Command. Surface vehicle and equipment depot maintenance requirements are determined in accordance with Army standards.

The FY 1986 request includes negative cost growth of $3.9 million which incluoes changes in industrial fund rates. The program growth of $23 Million provides for the maintenance of equipment assets required for training that ust be on-hand and serviceable prior to the mobilization of ARNG units.

HEADQUARTERS AND COMMAND SUPPORT

The headquarters and command support portion of the budget provides for the pay and benefits of civilian employees assigned to the National Guard Bureau, the National Guard Computer Center, the National Guard Personnel Center, the ARNG Operating Activity Center, and ARNG technicians assigned to State Headquarters activities. Also included in the operational costs for these activities are supplies, travel and per diem, publications, equipment, and Federal Employees Compensation Act payments to employees of the ARNG.

The FY 1986 request includes net negative cost growth of $0.6 million composed of $1.8 million for the 5 percent reduction in civilian pay offset by an increase of $1.2 million for inflation. The program growth is $11.1 million which supports installation of data encryption standard devices on 55 computer systems required for the protection of classified and sensitive information, Defense Data Network software, participation by the Army National Guard in the Continental Army Management Information System (CAMIS), printing and reproduction of manuals and technical publications to support new units and equipment entering the Army National Guard inventory.

RECRUITING SUPPORT

This activity group provides funds necessary to recruit new personnel and retain current Guardmembers. Funds are provided for the production and distribution of command information material, production of television and radio public service announcements, production and printing of recruiting and retention materials, and production of magazine and newspaper advertisements. In addition, funds are included for support costs incurred by the recruiting and retention force of 3,870 full-time military personnel, an increase of 228 over FY 85.

The recruited to recruiter ratio for the ARNG in FY 86 is 42 to 1 compared to 30 to 1 for USAREC.

The FY 1986 request includes cost growth of $1.2 million for inflation. The program growth of $15.2 million includes $6.3 million for vehicles, communications, and other support for the increase in recruiting/retention personnel, and includes $8.9 million for the Army Continuing Education System (ACES) to be established in the ARNG in FY 86. The capability of the ARNG to attain the budgeted FY 1986 paid strength increase of 12,113 members is contingent upon the effectiveness of operations provided in this activity group.

MEDICAL SUPPORT

This budget activity provides for the local procurement of medical supplies required for emergency treatment of personnel while participating in authorized training; emergency medical care at non-Federal hospitals for ARNG members injured or becoming ill while participating in training; initial and periodical physical examination at non-Federal facilities when Government facilities are not available; and for immunizations and replacement of spectacles, dentures, and prosthetic devices when damaged as a result of participation in authorized training.

The FY 1986 estimate of $17.6 million includes cost growth of $0.6 million for inflation and program growth of $4.0 million composed of $2.6 million for medical entitlements to support the paid strength increase and $1.4 million for the "over 40" Cardiovascular Screening Program being expanded nationwide in FY 86 after initially being tested in Virginia during FY 85.

ARMY NATIONAL GUARD BUDGET

NATIONAL GUARD PERSONNEL, ARMY

The FY 86 National Guard Personnel, Army (NGPA) budget request of $3,431 million provides pay and related expenses for Army National Guard personnel. Table 1 shows Army National Guard personnel strengths. Table 2 shows the NGPA budget categories. The FY 86 request supports a 450,496 personnel end strength or a 2.8% increase over FY 85. Funding includes an enlisted recruiting objective of 55,000 Non-Prior Service (NPS) personnel for initial active duty training and 44,000 Prior Service (PS) personnel for a total recruiting objective of 99,000 accessions in FY 86. The full time Active Guard/Reserve (AGR) support force increases to 30,679 (10,096 over FY 85). Funding for National Guard personnel supports increases in Schools and Special Training ($64 million), AGR support ($265 million), extra week of annual training, additional training assemblies and an increase in strength of Pay Group A/P ($119 million). The Incentive Program, which provides enlistment and reenlistment bonuses and educational assistance, increases by $37 million. Pay Group F, which provides for initial active duty training, is increased by $37 million to provide costs associated with training NPS accessions.

TABLE 1

US Army National Guard
(End Strength)

	FY 84 ACTUAL	FY 85 ESTIMATE	FY 86 REQUEST
Pay Group A	383,074	388,262	388,779
Pay Group F	16,395	16,968	18,468
Pay Group P	18,134	12,570	12,570
Full-Time Active Duty	16,656	20,583	30,679
Total	434,259	438,383	450,496

TABLE 2

National Guard Personnel, Army
($ in Millions)

	FY 84 ACTUAL	FY 85 ESTIMATE	FY 86 REQUEST
Pay Group A/P	1,025	1,600	1,719
Pay Group F	174	271	308
School Training	95	142	172
Special Training	82	125	159
Administration/Support	472	771	1,073
Total Program	1,848	2,909	3,431
Retired Pay Accrual	-	- 763	- 898
Total Excluding Retired Pay Accrual	1,848	2,146	2,533

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

The funding categories of the FY 86 Operation and Maintenance, Army National Guard (OMNG) appropriation are shown in Table 3. Real growth in FY 86 is approximately 10 percent and occurs as a result of programed force structure modernization, increased support for modernized systems (87) added to the ARNG equipment inventory since FY 83, and readiness improvements. In addition, this appropriation supports a technician and civilian end strength of 24,553 at a cost of $667.3 million, which accounts for 42 percent of the total appropriation request.

TABLE 3

Operation and Maintenance, Army National Guard
($ in Millions)

	FY 84 ACTUAL	FY 85 ESTIMATE	FY 86 REQUEST
Training Operations	149	166	173
Logistical Support	794	950	1,048
Base Operations	94	129	139
Depot Maintenance	50	67	86
Headquarters and Command Support	69	83	93
Recruiting	12	31	48
Medical Support	9	13	18
Total Program	1,177	1,439	1,605

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The FY 86 request for Military Construction, Army National Guard provides for 67 major projects. Included in the major projects are 23 new armories, alteration/expansion of 6 existing armories, 4 aviation facilities, 9 training facilities, 19 equipment maintenance facilities, 3 U. S. Property and Fiscal Office facilities, 2 logistical facilities, and one land acquisition. Increased funding requested for minor construction supports the needs for improved weapons training ranges and storage of unit supplies and equipment. Table 4 displays the MCNG appropriation by major category.

TABLE 4

Military Construction, Army National Guard
($ in Millions)

	FY 84 ACTUAL	FY 85 ESTIMATE	FY 86 REQUEST
Armory	27	28	26
Non-Armory	31	46	45
Minor Construction	7	16	19
Planning and Design	3	9	12
Total Program	68	99	102

Mr. HUTTO. Thank you, General Temple.

General Berkman, do you have a statement for us?

General BERKMAN. Yes.

Mr. Chairman, I have a statement that I would like to offer for the record, and also to summarize some of the highlights.

Mr. HUTTO. Without objection.

STATEMENT OF MAJ. GEN. WILLIAM B. BERKMAN, CHIEF, ARMY RESERVE, DEPARTMENT OF THE ARMY

General BERKMAN. I am pleased to be here today on behalf of more than a half a million citizen soldiers, men and women, who are contributing to our national security as members of the Army Reserve.

I believe today's Army Reserve is the best Army Reserve that our Nation has ever had.

At the end of fiscal year 1984, there were 255,000 drilling reservists assigned to Troop Program Units. That number will go to 263,000 by the end of fiscal year 1985, 73,000 more than the number in 1979.

The President's budget request will provide an increase in fiscal year 1986 of 9,400 in the paid drill strength, as well as 4,000 full-time reservists in the Active Guard Reserve Program.

The growth in paid drill strength continues to close the gap between peacetime troop program unit end strength and wartime requirements to about 20,000.

The Army Reserve is attracting high quality young men and women. In fiscal year 1984, 82 percent of the nonprior service enlistees were high school diploma graduates.

Four years ago, that figure was 54 percent. High school diploma graduates tend to have a better retention potential than their non-graduate counterparts.

BONUS PROGRAM

To attract high-quality young men and women to the Army Reserve, we offer a variety of incentives. Important is the Selected Reserve Incentive Bonus Program and the new Reserve Component Education GI Benefits Program, authored by Congressman Montgomery.

The Bonus Program provides a variable bonus to persons enlisting in the Army Reserve in targeting critical mobilization skills or high priority units.

Experience has also demonstrated that those who enlist for the bonus remain in the Army Reserve longer than those who do not.

The continuation and expansion of the Selected Reserve Incentive Program is essential if we are to meet our Selected Reserve Enlistment goals for fiscal year 1985 of about 70,000 and for fiscal year 1986 of approximately 75,000.

The Education GI Benefits Program that I mentioned authored by Congressman Montgomery is also expected to have a significant impact upon the Army Reserve. The Program entitles all high school graduate reservists who enlist or extend in the Selected Reserve for 6 years up to $140 a month for college or college equiva-

lent study, up to a total of over $5,000. This should significantly increase the number of young people interested in Reserve service.

I must emphasize that these two programs are both important. Neither one is an effective substitute for the other. They are aimed at different groups of people and have different objectives. They are both needed.

One of the major areas of growth in the 1986 budget and beyond is in the Active Guard and Reserve Program. The 1986 Budget request increases AGR end strength by more than 4,000 personnel to almost 15,000.

These full-time personnel are on active duty in units to assist drilling reservists in meeting their readiness goals.

Some AGR personnel serve in assignments above the unit level. However, the great majority—63 percent in fiscal year 1985 and 81 percent in fiscal year 1990—will serve in Army Reserve units with which they would mobilize and deploy.

They assist in training, administration, maintenance and logistics. Their contributions are vital to readiness improvements.

Historically, the Army Reserve has had the lowest percentage of full-time unit personnel of the Reserve Component of any service. In fiscal year 1982 the full-time unit support personnel—that includes the AGR, military technicians and Active Component soldiers—represented only 4.4 percent. The 1986 budget request will increase full-time support to approximately 6.7 percent.

The Individual Ready Reserve is also important to our national security. It represents the Army's primary source of pretrained military personnel. It has grown from 213,000 in 1981 to an anticipated fiscal year 1985 end strength of about 286,000.

By the end of fiscal year 1990, the IRR will number more than 372,000, largely as the result of the increased military service obligation of 2 years.

IRR personnel would be required upon mobilization to bring Active and Reserve Component units up to wartime strengths, to serve as replacements until inductees can be trained, and as cadre for new units formed after mobilization.

Significant improvements and initiatives are under way to improve the training, developing a comprehensive training program for the Individual Ready Reserve; a reenlistment program, as well as improving the locatability of the Individual Ready Reserve.

The Army Reserve has become an essential element of the total Army, and your continuing support and the continuing support of this Committee and Congress, and your leadership in Congress has been significant in that development.

The Army Reserve provides the landpower our Nation requires to deter war and protect our national interests.

Winston Churchill once said that a Reservist is twice the citizen. The more than half million men and women of the Army Reserve are proud of that status. They will, with your help, continue to be proud and ready, training today to meet the challenges of tomorrow.

Thank you, Mr. Chairman.

THE POSTURE
OF THE US ARMY RESERVE
and
BUDGET ESTIMATES
for
FISCAL YEAR 1986

WILLIAM R. BERKMAN
Major General, USA
CHIEF, ARMY RESERVE

"The militia of this country must be considered as the palladium of our security, and the first effectual resort in case of hostility."

George Washington
1790

"An enduring government by the people must include an Army of the people among its vital institutions."

John McAuley Palmer
1927

"Army Reservists, like the citizen-soldier of earlier time, stand ready to respond to their country's call and their nation's need."

Ronald Reagan
1983

"If we go to war tomorrow, it will be the Total Army that fights the battle, wages the war, and secures the peace. The fixed 780,000 member end-strength of the Active Component postulates continued reliance on Reserve Component units, many of which must achieve availability dates in wartime virtually equivalent to the Active Force. Increased reliance on the Reserve Components mandates that their readiness be increased and maintained."

John O. Marsh, Jr.	John A. Wickham, Jr.
Secretary of the Army 1985	General Chief of Staff 1985

SECTION I

INTRODUCTION :

A COMMITMENT TO EXCELLENCE

I am pleased to present the FY 86 report on the status, posture, and needs of the Army Reserve.

A Total Army of excellence is the commitment made by the Secretary of the Army and the Chief of Staff in their statement "The Posture of the Army and the Department of Army Budget Estimates for Fiscal Year 1986." The Army Reserve is an essential element of the Total Army. The initiatives and programs described in the statement by the Secretary and the Chief of Staff again place increasing reliance on the Army's Reserve Components. Army Reserve units no longer deploy after Active Component units, but with them, and in some cases before them. Consequently, the Army Reserve as part of the Total Army is a key element in our national military strategy of deterrence.

The Army Reserve, as an integral part of the Total Army, is growing in size, capability and responsibility.

o Army Reserve strength is growing, as the need for that strength also grows.

o Army Reservists serving on active duty to enhance the training and combat readiness of our units are growing in numbers.

o Army Reserve structure is growing, with new units scheduled to be activated in the coming years.

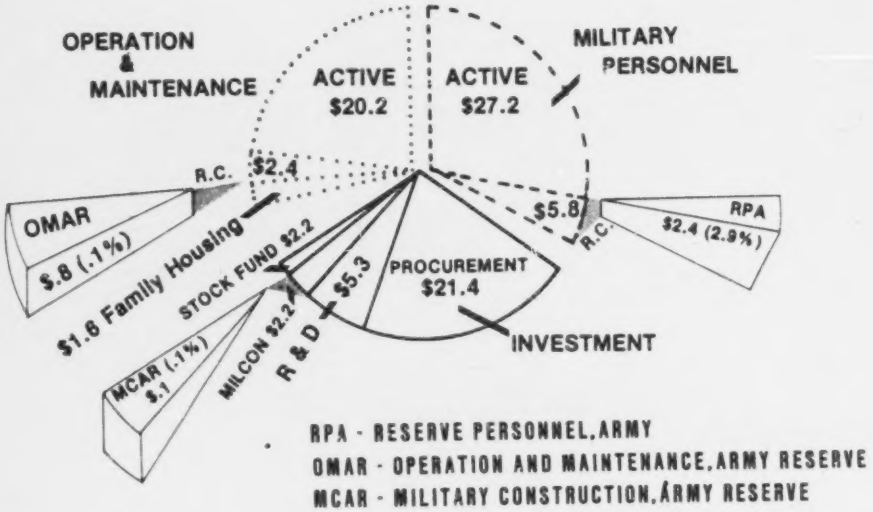
o Army Reserve training programs are growing more demanding and realistic, and they are increasingly integrating our units with the active commands with which they will serve upon mobilization.

o Army Reserve forces are modernizing; and though equipment shortages remain serious, the number of our units receiving first-line, state-of-the-art systems is growing faster than ever before.

o Army Reserve personnel management, including management of those 270,000 Ready Reservists who are not serving in troop units, is growing.

o Army Reserve growth in size, structure, scope and capability is matched by the confidence of the Army leadership and the American people that the Army Reserve can be ready to perform well under any circumstance.

COST OF MAINTAINING THE ARMY
FY 1986
TOA IN BILLIONS



And finally, it is important to note that the Army Reserve's growth is balanced and commensurate with the increasing demands of readiness.

The Army Reserve provides the nation's defense with a vast source of military capabilities, and significant portions of the Total Army's resources in scores of mission areas at a fraction of the cost of equivalent full-time forces.

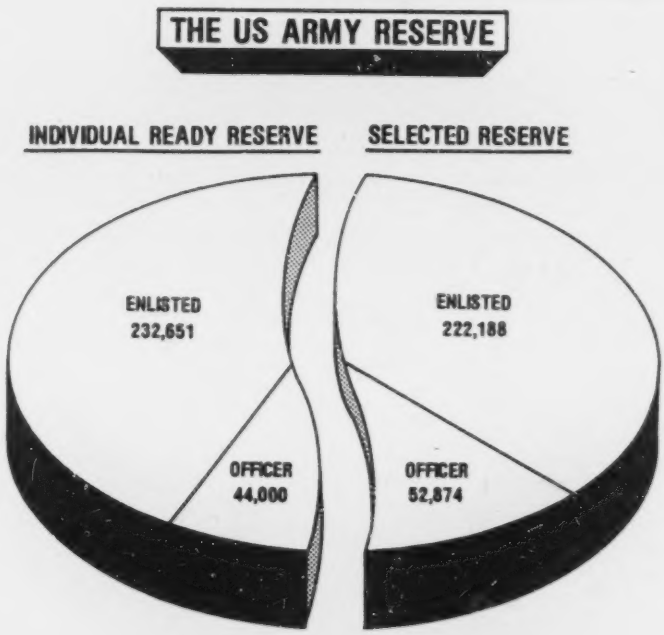
To fulfill its mission upon mobilization the Army Reserve must constantly reinvigorate its training, renew and retain its manpower, and replenish its equipment inventories. To do so effectively as well as economically and to achieve unprecedented levels of national security for the lowest possible cost, the Army Reserve must continue balanced growth in all of its programs.

We believe the growth of the Army Reserve outlined in this report will contribute significantly to accomplishing that purpose in 1986 and in the years to come.

MISSION OF THE ARMY RESERVE

The mission of the Army Reserve as directed by Congress is "to provide trained units and qualified persons available for active duty in the armed forces, in time of war or national emergency and at such other times as the national security requires...."

Army Reserve units include combat, combat support, combat service support and general support. In addition to units training to perform wartime missions, the Army Reserve also includes pre-trained individuals in the Individual Ready Reserve. These personnel will provide replacement, fillers and cadre for new units in the event of mobilization.

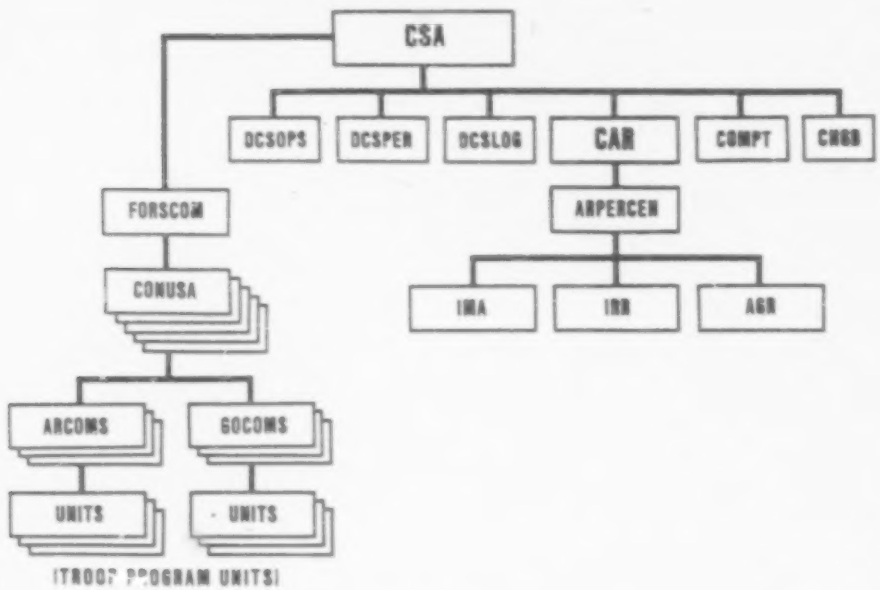


TOTAL STRENGTH US ARMY RESERVE (1984) 551,713

The dual missions of the Army Reserve are accomplished through troop program units under the command of the US Army Forces Command (FORSCOM) at Fort McPherson, Georgia. The pretrained personnel required by the Army are in the Individual Ready Reserve (IRR). The IRR is commanded and managed by the US Army Reserve Personnel Center (ARPERCEN) in St. Louis, Missouri, a field operating agency of the Chief, Army Reserve. The Individual Mobilization Augementee (IMA) and Army Reserve Active Guard/Reserve (AGR) programs are also managed by ARPERCEN.

In addition to his statutory role as advisor to the Chief of Staff of the Army on Army Reserve matters, the Chief, Army Reserve also serves, by regulation and directive, as a member of the Army Staff and director of Army Reserve appropriations.

Command and Control, Army Reserve



As shown on the following display, the Army Reserve contains a significant percentage of the Total Army force structure.

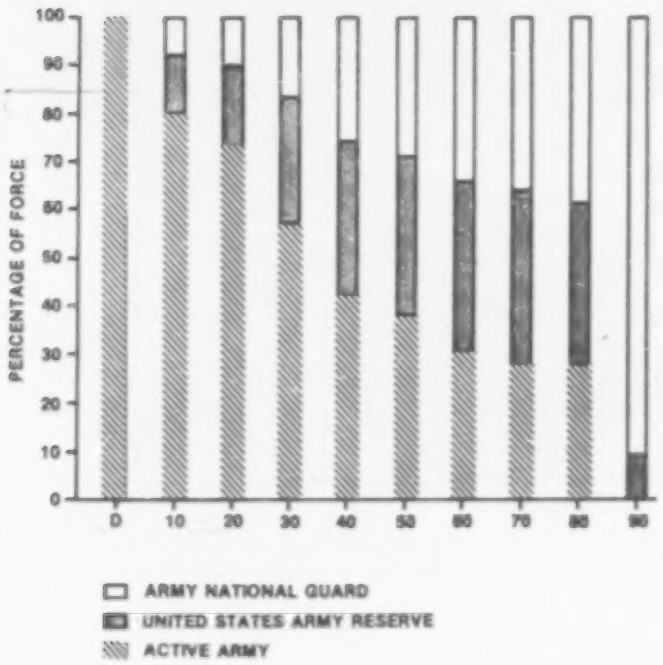
Type Unit	% of Army Structure
Training divisions	100
Training brigades	100
Military intelligence (strategic research and analysis)	100
Civil preparedness support detachments	100
Army Reserve schools	100
Maneuver area commands	100
Maneuver training commands	100
Railway units	100
Judge Advocate General detachments	98
Civil affairs units	97
Psychological operations units	89
Smoke generator companies	78
Quartermaster petroleum, oil and lubricant supply companies	67
Army hospitals	65
Terminal service/transfer companies	61
Services and supply units	59
Pathfinder units	55
Conventional ammunition companies	51
Chemical decontamination companies/ detachments	46
Quartermaster petroleum, oil and lubricant operating companies	45
Watercraft units	44
Army medical units (other)**	41
Combat support aviation companies	38
Qm engineer water supply, well drilling, purification units	36
Major logistical units***	31
Truck companies	30
Nondivisional bridge companies	29
Combat engineer battalions	24
Maintenance companies (direct support, general support, non-divisional)	24
Special forces groups	22
Separate combat brigades	13
Field artillery brigades, headquarters detachments	9
Field artillery battalions**	8
Mechanized infantry battalions**	2
Armor battalions**	2

* Current structure as of January 1985
** Includes organic and separate elements
*** Theater army area command/corps support

Since 1980, there has been a steady increase in the Army Reserve's ability to meet its wartime requirements. This improvement has been supported by Congressional concern with the structuring, modernizing, equipping and training of the Army Reserve. With the continuing support of currently programmed expenditures, Army Reserve readiness will continue its steady improvement.

Based upon current plans, in the first 50 days after mobilization the Army Reserve will provide the major portion of the Army's combat support and combat service support units. With evolving force structure initiatives and increasing Congressional emphasis upon greater reliance on the Reserve Components, the significance of the Army Reserve's Total Army contributions will continue to grow.

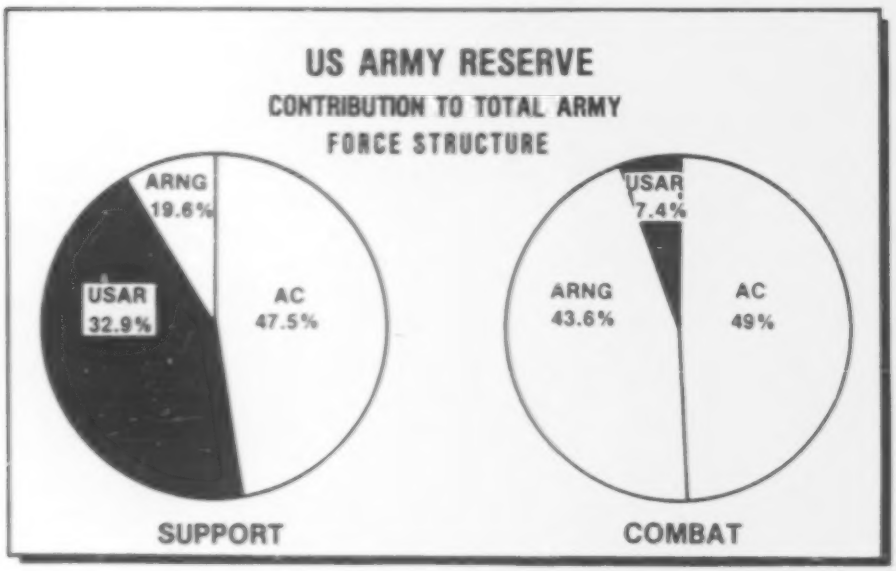
TRANSITION TO WAR



In the Total Army, the Army Reserve has an increasingly important role. Many of the missions formerly assigned to units in the Active Component have been transferred to the Reserve, and the strength of the Reserve is programmed accordingly for continued growth.

As of October 1984, the percentage of the Total Army force structure found in the Army Reserve was:

	US Army Reserve
Combat	7.4%
Support	32.9%



Presented here are summaries of the Army Reserve's current status and program for its future. Each summary considers units and personnel, training and education, force development and support, and mobilization and management. This presentation should demonstrate the importance of support for the Army Reserve and its vital contribution to our national security.

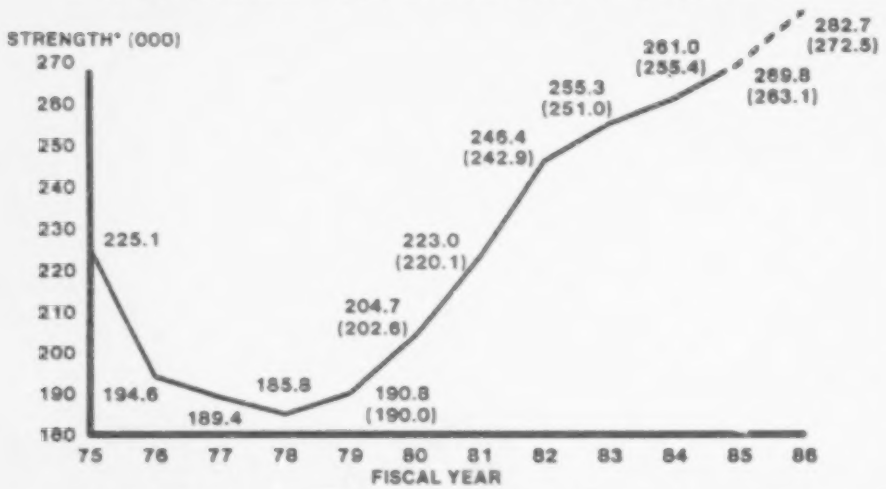
SECTION II
THE RECENT PAST

Analysis of the recent past is vitally important to understand why quality growth has been our top priority and why support is needed to ensure that the Total Army obtains the quality growth benefits envisioned in its Reserve programs.

Personnel

There is nothing more fundamental to an Army of citizen soldiers than the quality and motivation of the people who serve in it. Since George Washington, every president has recognized the importance of the role of the citizen soldier in our republic.

USAR TROOP PROGRAM UNIT STRENGTH



*NOTE: INCLUDES TROOP UNIT (PAID DRILL) AND FULL TIME MANNING (AGR)
( ) PAID DRILL STRENGTH

1/89

Troop Unit Program

Army Reserve troop program unit (TPU) paid end strength for FY 84 was about 261,000. This total includes both drilling Army Reserve members and full time manning Active Guard/Reserve personnel. This represents an increase of more than 56,000 TPU members over the total reported in FY 80.

Strengthened Recruiting

Army Reserve numerical recruiting objectives have been met for the last six years. However, a shortage of non-prior service enlistments has been developing as a result of a declining population of young Americans and an improving economy.

For this reason, we are increasing our recruiting resources by 578 full-time personnel in FY 1985. This increase is coupled with Army Reserve retention programs intended to reduce unprogrammed losses 2% below the FY 84 level. These initiatives should result in the achievement of the Army Reserve's troop program unit FY 85 end strength objectives.

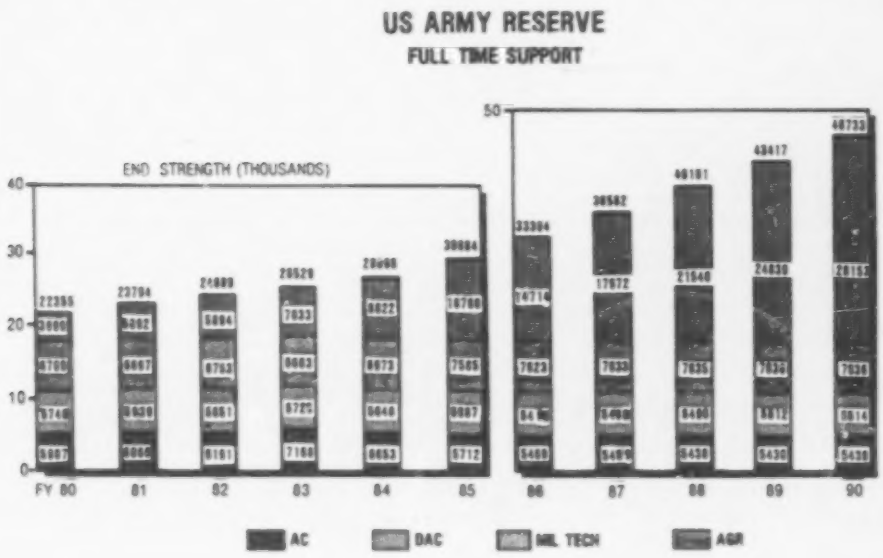
Since 1979, the US Army Recruiting Command has linked Army Reserve and Active Component advertising through the use of common slogans, themes, and creative styles. The Army Reserve has reaped the benefits of the successful "Be All You Can Be" campaign. Combined with positive public attitudes toward military service, Army Reserve advertising has been more effective than ever in building awareness and generating recruiting leads. Thanks to Congressionally approved increases in our FY 84 and FY 85 advertising and audio-visual budgets, we have been able to purchase effective television advertising in key markets.

Over the last few years, the Army has increased its standards for enlistment into the Army Reserve. Current standards for persons without prior military service enlisting in the Reserve are identical to those of the Active Component. In FY 84, enlistment of personnel classified as high school graduates exceeded 80%, 34% higher than three years ago. During that same period, enlistment of applicants with low mental scores (Group IV) fell to below 12%.

Incentive programs have been successful in attracting and retaining highly qualified applicants. In FY 84, nearly 17,000 personnel enlisted or reenlisted in TPUs for a cash bonus or educational assistance. These high quality personnel accept a three to eight year obligation, fill high priority units or possess critically needed military skills, and demonstrate a high probability for retention and reenlistment.

Full Time Unit Support (PTUS) for the Army Reserve

A major initiative designed to assist members of troop program units of the Army Reserve meet their readiness requirements is the programmed increase in Full Time Unit Support (PTUS) personnel who assist units in training, planning, maintenance, supply, and administrative functions. Full time support personnel at the unit level include Active Component (AC), Active Guard/ Reserve (AGR) personnel, and military technicians (civilian support personnel, many of whom are Army Reserve unit members).



With Congressional support, the PTUS available to the Army Reserve has increased steadily over the past several years. As an example, in FY 82 the percentage of PTUS personnel in the unit program was 4%. This is projected to increase to 7% during FY 85.

There were 12,197 FTUS personnel on duty with Army Reserve units at the end of FY 83. They included full time Army Reserve soldiers--AGR (4,324), plus military technicians (6,603), and Active Component soldiers (1,270). In FY 84, these totals increased to 5,637 AGR members and 6,973 military technicians.

The FY 85 budget provides for increasing the number of full time Army Reserve soldiers in units to 6,740. Active Component personnel assigned to assist Army Reserve units remain at 1,120.

The Active Guard/Reserve (AGR) Program

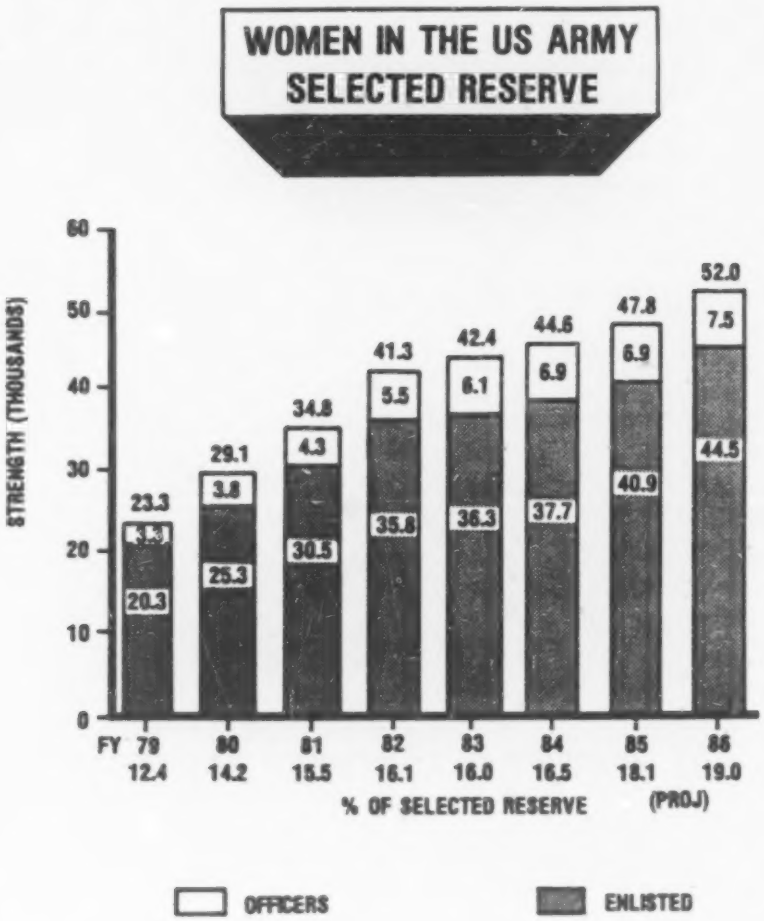
The Army Reserve program strength of the Active/Guard (AGR) Program has risen from 2,480 at the end of FY 79 to a total of 8,822 at the end of FY 84. The program is projected to expand to over 28,000 members by the end of FY 90, with the largest increase programmed for Full Time Unit Support. The quality of the AGR program will be enhanced through initiatives to provide its members more professional development opportunities and greater tour stability, and by standardizing entrance policies.

The Army Reserve Personnel Center (ARPERCEN) is providing greater management effectiveness to the AGR program by considering the duration of each assignment on a case by case basis. Reassignments are no longer considered based solely on the fact that a standard assignment period of time has elapsed, but rather on the needs of the service, the individual's career needs, and the desires of the command to which the individual is currently assigned. Some tours may be longer than the standard three years while others may be shorter.

ARPERCEN has also established a professional development program with designated training funds for AGR personnel. These funds will provide for mandatory skill training and refresher training, as well as training required for Army Reserve promotion and retention. Such training will be accomplished when the soldier is in transit from one duty assignment to another or during an AGR tour. This regularly programmed training will increase the professional qualifications and effectiveness of the AGR force.

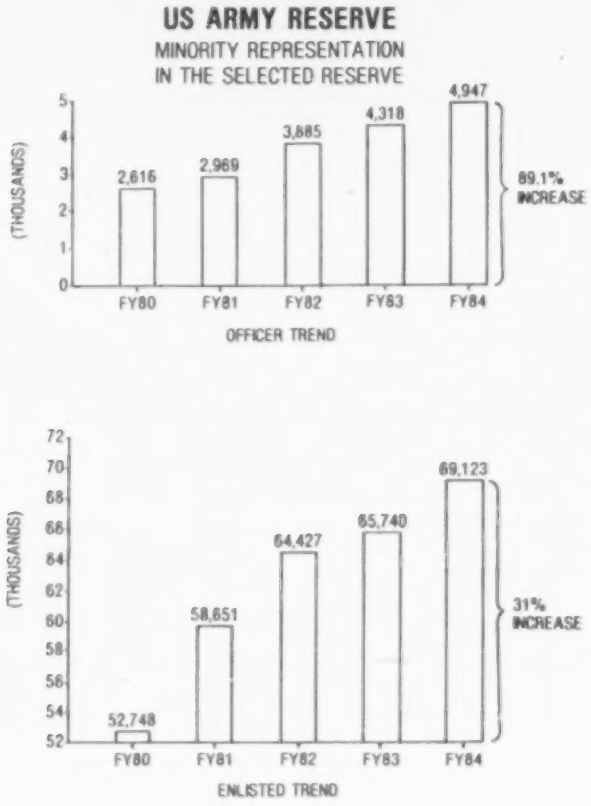
Women and Minorities in the Army Reserve

Over the past five years, female personnel strength in the Army Reserve has increased by 80%. At the end of 1984 there were 42,000 women in troop program unit assignments.



The Army Reserve has consistently sought to achieve a fair representation of women and minorities throughout the structure of all Army Reserve programs. The overall objective is to provide all soldiers with the maximum opportunity to succeed.

Recently, new programs have been established to achieve assignment equity, including the Direct Combat Probability Code System. This Total Army system defines where women may serve by identifying the potential for direct combat for each unit position. It precludes women from being assigned to units routinely exposed to direct combat; however, female Army Reservists are still eligible for assignment to 76% of the troop program units. 86% of Army Reserve enlisted skill areas are available for female participation, and female officers may choose from among 95% of the specialty skills available to Army Reserve officers.



In FY 84, the female content of Army Reserve personnel assigned to units was 16%. It is expected to be 17% by the end of FY 85.

In FY 84, the minority content of the Army Reserve was 31%. This included 35% of our enlisted force and 14% of our officer force. The Army Reserve is keenly aware of the vital role minorities play in reserve readiness and we are emphasizing the importance of the equal opportunity programs throughout the Army Reserve.

The Family that Supports the Reservist

The Secretary of the Army and the Chief of Staff proclaimed 1984 the "Year of the Army Family." As a part of that emphasis, the Chief, Army Reserve established a task force to identify and resolve issues that impede the full participation of Reserve families with the Total Army. This task force is carefully reviewing laws, directives, regulations and policies to identify and recommend solutions to issues that limit reserve families' full participation and involvement in Army programs.

A major family initiative that appears destined for success is the Reserve Component commissary test. When fully implemented, this program will allow reservists and their families to use the 14 days presently authorized for commissary shopping at any time during the year rather than only during the annual training period. Other incentives being considered include identification cards for family members, Army Reserve family members' orientations, and the extension of certain Army welfare and morale services to Reserve Component members and their families.

The Army Medical, Osteopathic, Dental, and Veterinary (MODV) Student Program

This program is intended to attract potential physicians, dentists, and veterinarians while they are still in their professional schools. It was initiated in 1981 with 20 students. The program has since grown to approximately 400 students, with 100 students graduating annually. Selected students are commissioned as officers in the Medical Service Corps until their graduation, when they are reviewed for Medical Corps/Dental Corps/Veterinary Corps (MC/DC/VC) commissioning. While students, they may participate with a troop unit or with the IRR. They are also permitted up to 45 days' Active Duty for Training annually at an Active Component medical training facility. Program participants incur an eight year service obligation in the Ready Reserve.

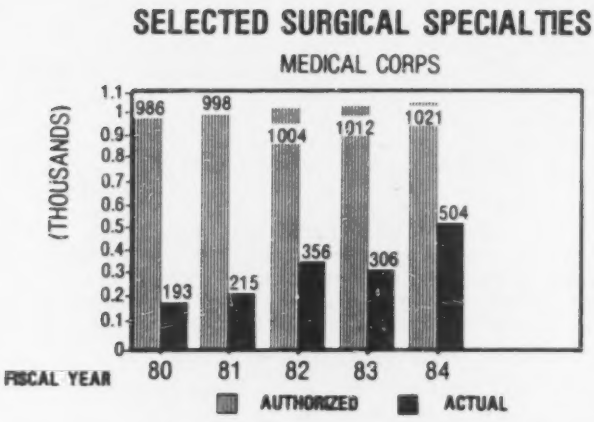
Reserve medical personnel retention efforts focus on special programs to expand military knowledge. The programs include funded attendance at health education sessions to obtain continuing health education credits. In addition, a health managers' program was established in 1983 to increase physician and dental corps officers' command capabilities. New or potential commanders are encouraged to attend. A similar program has been established for chief nurses.

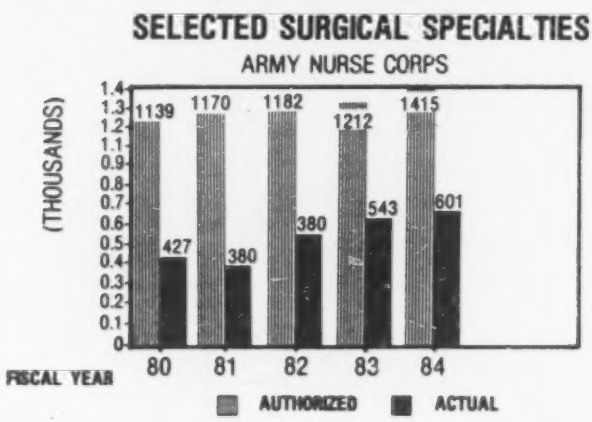
Retaining AMEDD Officers in the Reserve

At the national level, the medical detachment (MEDDET) and the newly established nurse detachment (NURSEDET) programs allow training flexibility for Reserve medical personnel. Physicians in the MEDDET program usually drill at a medical university, school, or at a teaching hospital. They occupy a billet which would not otherwise be filled in a local unit. The NURSEDET program initially will consist of two nursing specialties--operating room nurses and nurse anesthetists. NURSEDET participants will either be assigned to Army Reserve medical units with vacancies in their specialties, or attached to medical units (for administrative purposes) near their hometowns, and perform duty at Army medical training facilities.

These specialized programs provide training in the skills needed by the Army Reserve upon mobilization. The programs also provide Reserve medical personnel with requisite military skills in a format tailored to accommodate their limited time.

There continues to be a significant shortage of skilled medical personnel in the active and reserve forces. One of the shortage specialties identified in the Army Reserve is the operating room (OR) nurse. At the beginning of FY 81, only 270 (41%) of an authorized 660 OR nurse positions were filled. An additional 84 OR nurses were in the IRR and Standby Reserve. At the beginning of FY 85, 413 (52%) of an authorized 800 OR nurse positions were filled. In addition, there were 148 non-unit OR nurses in the Army Reserve.





Although significant progress had been made in recruiting OR nurses for the Army Reserve, further gains in strength were necessary. To this end, the Reserve Components Operating Room Nurse Course was established in FY 84. This is a two phase course, consisting of eight weeks' didactic/clinical training at Fitzsimons Army Medical Center followed by specific clinical experiences, correspondence courses, and seminars/symposia at each participant's home station. Following phase II, students return to Fitzsimons for a comprehensive written and practical examination on perioperative nursing procedures. The course is designed to produce 30 Army Reserve OR nurses each year.

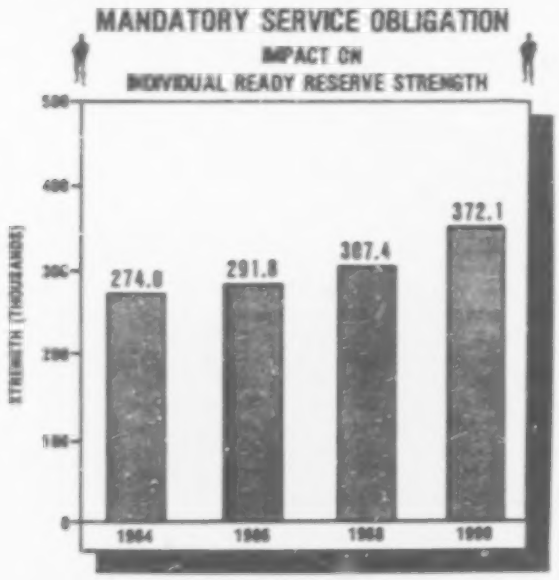
The Army Reserve Personnel Center Takes Hold

On February 3, 1984, the Army Reserve Personnel Center (ARPERCEN) was activated as a field operating agency of the Office of the Chief, Army Reserve. This agency is intended to enhance the effectiveness of the executive role of the Chief, Army Reserve by increasing his influence on the management of the Individual Ready Reserve (IRR), Individual Mobilization Augmentees (IMA's), and Army Reserve Active Guard/Reserve (AGR) personnel. Through ARPERCEN, the Chief, Army Reserve will influence the professional career development of all Army Reserve members; provide a trained IRR force in support of Total Army mobilization requirements and other crisis conditions; exercise command and control of the IRR and Standby Reserve; and administer the Army Reserve AGR and IMA programs.

During 1984 ARPERCEN established itself as a key element in Army Reserve officer assignments. Responding to a projected shortage in FY 84 officer paid drill strength, ARPERCEN initiated an assignment program designed to place 1,600 IRR officers in troop program units, between June 1 and September 30, 1984. The assignment challenge was not only met but greatly exceeded. More than 2,300 officers were assigned to units of the Selected Reserve by ARPERCEN personnel management officers.

Military Service Obligation

The extension of the military service obligation, signed into law on September 24, 1983, authorized the Secretary of Defense to extend the military service obligation for new entrants from six years to a maximum of eight years. The Department of Defense implemented an eight-year service obligation on June 1, 1984. The extended obligation will increase potential IRR strength by 25% on a steady scale beginning June 1990.



ROTC Officers

Officers commissioned through the Reserve Officers' Training Corps (ROTC) serve in all components of the Total Army. ROTC is now the largest single source of officer accessions for the Army Reserve. In FY 81 the Army Reserve gained only 395 officers from the year's production of 6,218. However, by FY 84, ROTC produced 1,601 officers for the Army Reserve. The number of officers to be commissioned through ROTC in FY 85 is expected to be 8,300; of this number, about 1,000 will join the Army Reserve upon commissioning and completion of their officer basic course.

Officer Retention

The key to ensuring sustained Reserve officer satisfaction, participation, and subsequent retention is the personnel management officer (PMO), who assists each Reserve officer in management of his career. Historically, assignment to a troop program unit has been the most effective form of participation for Reserve career retention; participation in the Individual Mobilization Program is rapidly becoming another successful method of retaining officers in the IRR.

Increased Congressional funding for the Individual Mobilization Augmentation (IMA) Program and mobilization readiness training has allowed more IRR officers to train than ever before. The 28 percent increase in participating Reservists between FY 81 and FY 84 was quite significant. As a result, these officers are better prepared to serve effectively upon mobilization.

Steady Congressional support of the Army Reserve troop unit and IMA programs is improving the Reserve's mobilization posture. ARPERCEN and the major US Army commands continue to encourage eligible officers, emphasize the benefits of unit assignment, and increase the training of IMA officers.

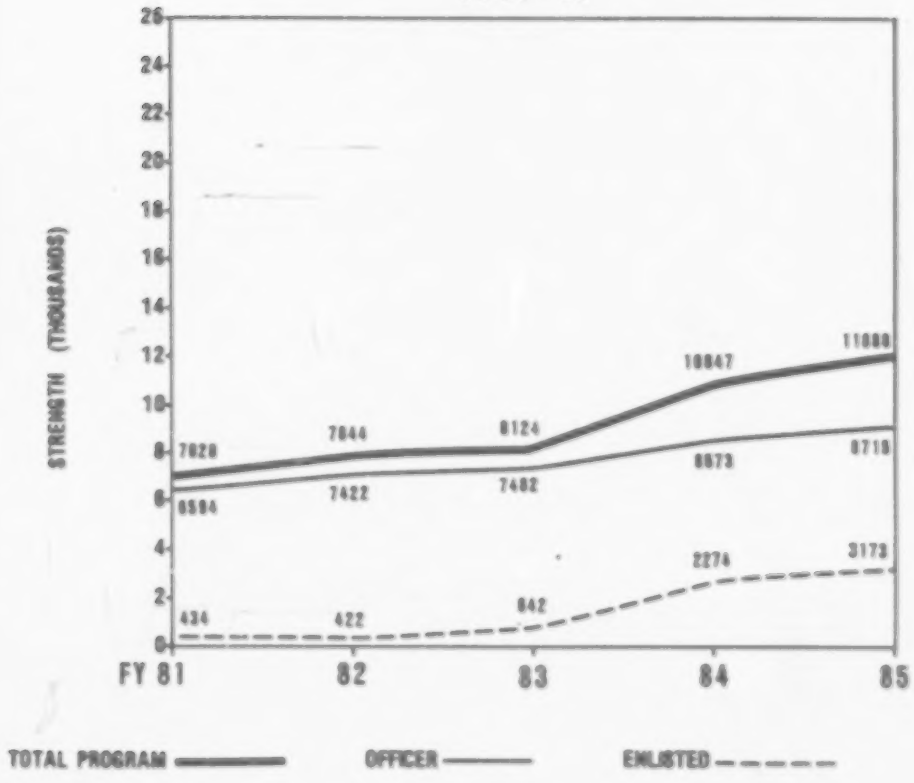
The Individual Mobilization Augmentation (IMA) Program

The Individual Mobilization Augmentation (IMA) Program, instituted in 1981, evolved from the Mobilization Designation Program. The transition to the IMA program made its members part of the Selected Reserve and eligible for the president's 100,000 reserve personnel call-up authority. The IMA program is essential in supporting Total Army requirements for pre-trained individual manpower at mobilization.

Currently, about 10,800 Army Reserve officers and soldiers are assigned to 51 major Department of Defense and Department of the Army activities as part of this program. IMA members train annually with their organizations in tasks they will actually perform in wartime.

INDIVIDUAL MOBILIZATION AUGMENTEE

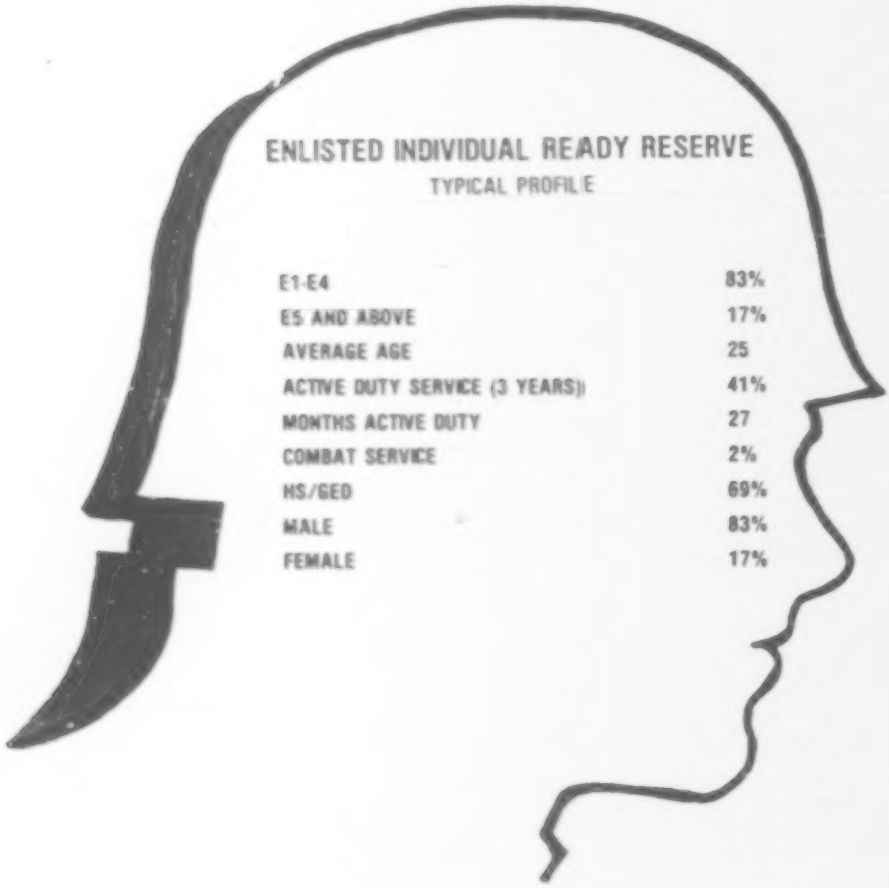
FY 81 - 85



The IMA program has experienced an increase in end strength of 54% (7,028 to 10,847) since FY 81. The percentage of personnel trained as IMA's increased by 96%, growing from 5171 to a projected 10,125 in FY 85. The Reservists who are assigned to the IMA program have shown they are committed to it by the impressive increase in the annual training participation. The IMA's have indicated in training evaluation questionnaires an appreciation of their contribution upon mobilization.

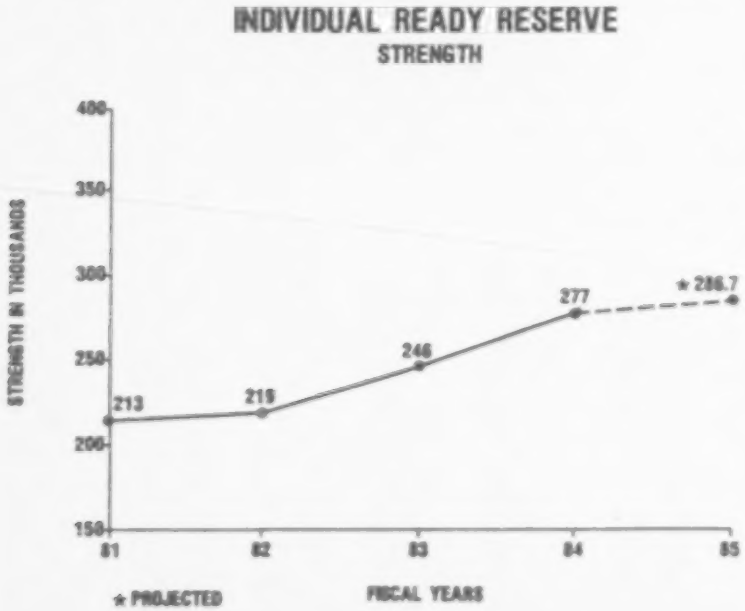
The Individual Ready Reserve (IRR)

The Individual Ready Reserve (IRR), approximately 277,000 strong as of September 30, 1984, is the largest pool of pretrained individual personnel available to support the United States Army in the event of mobilization. At mobilization, IRR personnel will fill positions critically needed to bring the Total Army to wartime strength, expand the mobilization base, serve as replacements until additional personnel can be inducted and trained, and as cadre for needed new units.



The IRR is authorized by section 268, Title 10 U.S. Code and its members are located in both the United States and overseas. The majority of the IRR, approximately 85%, consists of enlisted members. Most are former active duty enlisted personnel who transferred to the IRR to fulfill the remainder of their military service obligation; some are former Reserve unit members who for some reason could not remain in a unit. In either case, assignment to the IRR is a means to ensure that the individual Reservist maintains affiliation with the Army for at least the remainder of his contract and, possibly, well beyond.

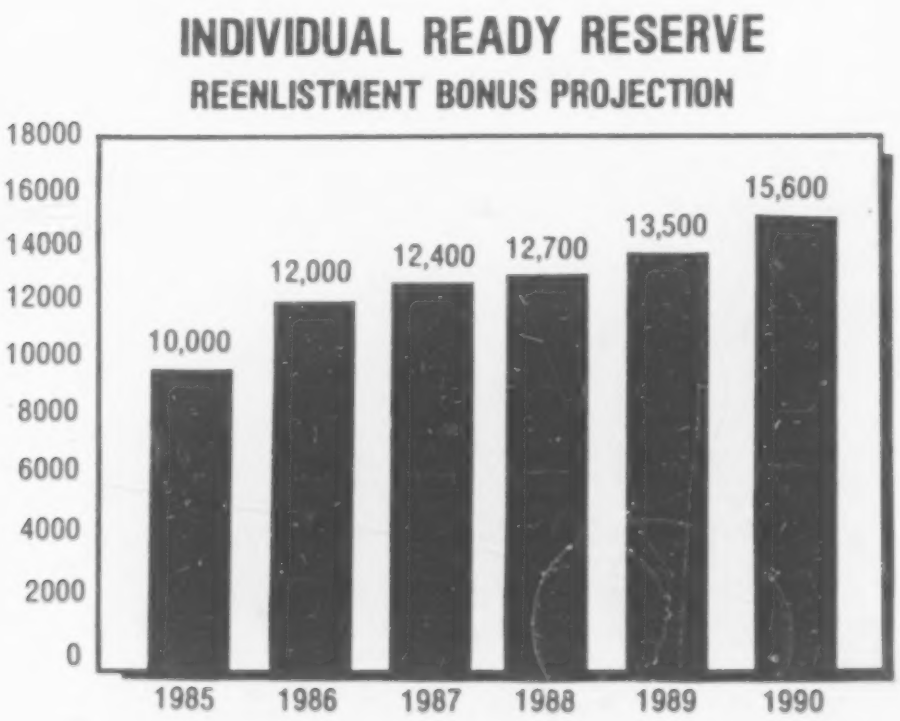
Historically, the IRR peaked at a strength of about 1,100,000 in FY 72. Following the end of the draft, the IRR gradually declined to a strength of about 149,000 in FY 77. At the end of FY 84, IRR strength stood at about 277,000.



The Individual Ready Reserve Reenlistment Bonus

In FY 81, Congress approved a reenlistment bonus of $600 for soldiers holding critical skills reenlisting in the IRR. Funding was not approved until January 1, 1981, but was retroactive, and a total of 1,587 soldiers reenlisted under the bonus program. The FY 81 bonus was extended into the first six months of FY 82 and resulted in an additional 1,409 bonus reenlistments.

Funding for FY 83 did not include an IRR enlistment bonus incentive. The DoD Authorization Act for 1984 included a reenlistment incentive program for IRR soldiers with critically needed mobilization skills, but no funds were appropriated. Nevertheless, in June 1984, the Army made three million dollars available for the bonus program ($650 initial payment and two subsequent anniversary payments of $50 each). Some 1,925 soldiers reenlisted for the bonus during FY 84. The DOD Authorization Act for FY 85 changed the method of payment of the IRR Reeenlistment Bonus to equal annual increments.



The IRR reenlistment incentive program is undergoing constant review. Current projections show that an increasingly larger number of soldiers will reenlist in the IRR if the bonus remains in effect.

Training

Realistic, mission oriented unit training results in unit readiness. It is reinforced by individual military occupational specialty training and professional development education.

In the continental United States, Army Reserve unit training is the overall responsibility of the Commanding General, US Army Forces Command (FORSCOM). Overseas, the major army commanders have responsibility for the Army Reserve units stationed in their geographical areas.

Army Reserve Training Initiatives

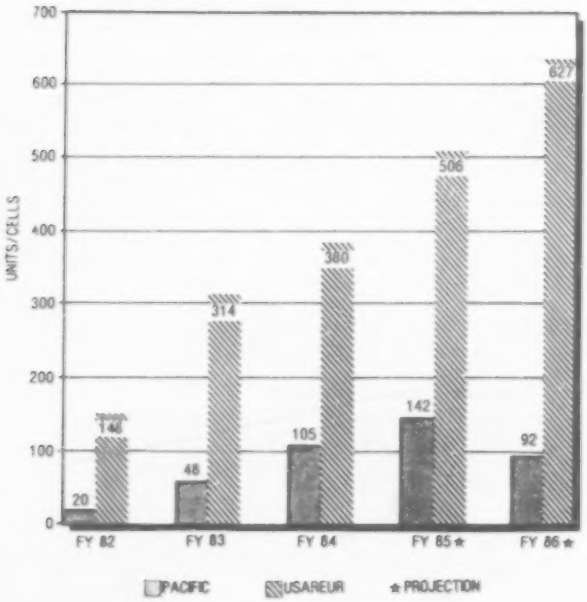
The Department of the Army has developed and is implementing an action plan for Reserve training. Significant topics addressed by the action plan's 16 major issues include:

- Noncommissioned officer education system (NCOES)
- Officer/warrant officer training
- Full time manning
- Military occupational specialty (MOS) qualification
- The Army Correspondence Course Program
- Regional training sites
- Training aids/devices
- Army Reserve schools

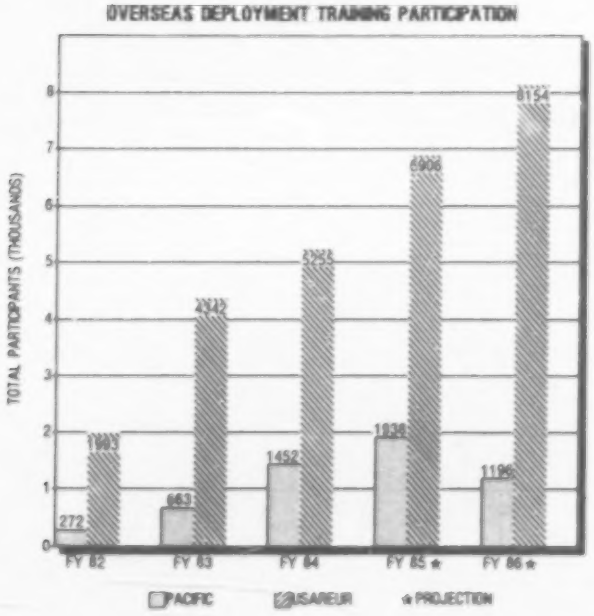
The Army Capstone Program

The Army CAPSTONE Program, initiated in October 1979, is a management program designed to affiliate Active and Reserve Component units in organizational structures which meet wartime operational requirements and the needs of the CONUS sustaining base. The CAPSTONE Program integrates units of all components by geographical and operational plan for four areas: Europe, the Pacific, Central Command (Rapid Deployment Force-Army), and the continental United States. Updated annually, CAPSTONE permits Army Reserve units to focus their peacetime training on wartime missions and to conduct detailed mobilization planning. The participation of Army Reserve members from Pennsylvania civil affairs units in the Grenada rescue operation, Operation Urgent Fury, was a natural consequence of CAPSTONE affiliation.

US ARMY RESERVE
OVERSEAS DEPLOYMENT TRAINING



US ARMY RESERVE
OVERSEAS DEPLOYMENT TRAINING PARTICIPATION



Army Reserve Troop Unit Readiness

All Army Reservists must be prepared to mobilize rapidly. Army Reserve participation in biennial command post mobilization exercises such as "Nifty Nugget," "Proud Spirit," and "Proud Sabre," has emphasized the importance of mobilization. These were primarily staff exercises by major headquarters with limited participation by Reserve unit members. They identified problem areas in documented procedures, training, equipment, facilities and strategic lift. As a result, Army Reserve units have implemented many corrective measures, including the development of detailed mobilization plans.

One Army Reserve initiative under consideration would provide funding for Army Reserve troop units to conduct mobilization field exercises. These exercises would involve alert, assembly, loading and movement of Army Reserve units from their home stations to mobilization stations during their annual training periods. The exercises will dramatically improve the capability of selected, early deploying Reserve units to mobilize in a timely and orderly fashion.

Roundout and Affiliation

The Army's affiliation training program has been a signal success in the Army Reserve community. Affiliation is a dedicated training assistance relationship between an Active Component sponsor and a selected Army Reserve unit. Affiliation is based on the unit's mobilization priority and specific training needs. Currently, the Army Reserve has 211 units/organizations in the affiliation program. The affiliation program provides year-round training assistance to the Reserve Components to improve unit mobilization readiness.

The roundout program, although similar in some respects to affiliation, is a specifically wartime alignment. The Army Reserve unit that rounds out an understructured Active Component element will deploy concurrently with that element, or as soon thereafter as possible. The RC roundout unit also has the same priority for equipment fill as its AC gaining headquarters. Presently, the Army Reserve has six units in the roundout category, and there are proposals under consideration to significantly increase the number of roundout units.

Training the Individual Ready Reserve (IRR)

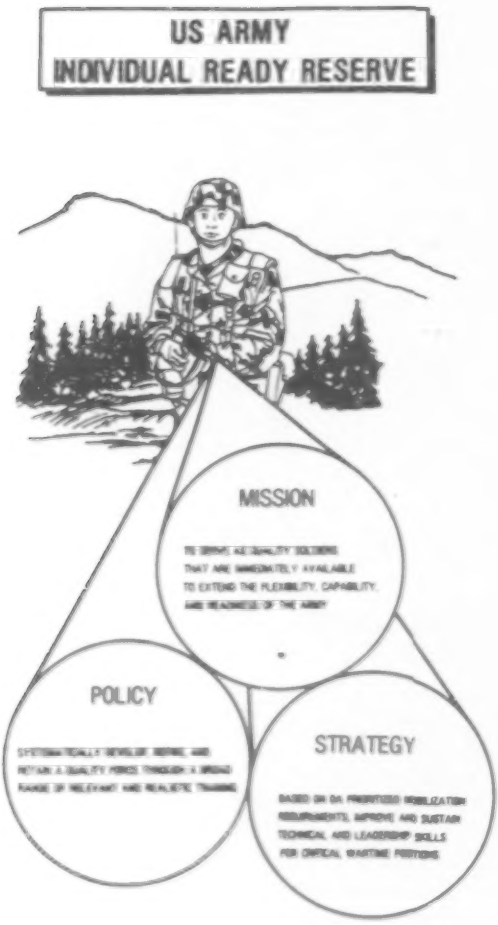
The activation of the Army Reserve Personnel Center (ARPERCEN) in St. Louis has resulted in a focus on both the quality and quantity of IRR training to meet mobilization day mission objectives. A comprehensive IRR training strategy is under development. ARPERCEN's initial objective of bringing all officers and enlisted IRR personnel under centralized management has been met. ARPERCEN is moving in concert with other Army elements to implement the Congressional directive to provide a cost effective quality training program for the IRR by 1988.

IRR Officer Specialty Training

Expansion of IRR training funds has supported a significant increase in the number of IRR participants in major Active Component training exercises throughout the United States and overseas. During 1983 and 1984 IRR, for example, members accompanied Active Component units training at the National Training Center. The training they received was both realistic and comprehensive.

The Chief, Army Reserve is responsible to ensure that IRR members are prepared to serve effectively upon mobilization. The Commander, ARPERCEN has command and control of the IRR under the functional management of the Chief, Army Reserve. The creation of ARPERCEN aligned the management of the IRR with the ARSTAF agency (Office of the Chief, Army Reserve) that has responsibility, in coordination with DCSOPS and DCSPER, for training policy of IRR members.

In response to Congressional concerns, the Department of Defense has directed that military occupation specialty (MOS) refresher training for the IRR be conducted beginning in FY 85. This will be part of the IRR training strategy that is under development. To implement that strategy, the Office of the Chief, Army Reserve will develop a comprehensive IRR training management plan.



The plan will directly allocate available training funds and ensure that all available resources are efficiently utilized to achieve maximum training effectiveness. The plan will allow managers to clearly quantify their training requirements and to track resultant improvements in the mobilization readiness of individuals trained within the program's purview.

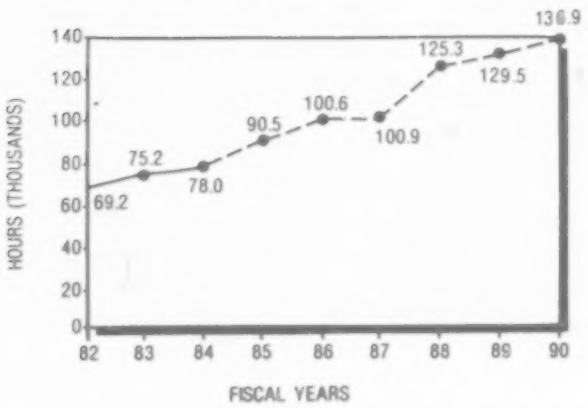
Training Reserve Component Senior Noncommissioned Officers (NCOs)

Army Reserve participation in the resident and nonresident programs of the US Army Sergeants Major Academy (USASMA) has significantly increased from 1981 to 1985. The number of Army Reserve NCO's participating in the resident course has increased nearly threefold, and nonresident course enrollment has increased by more than 40 percent. Resources have been approved to expand USASMA's Total Army instructional facilities located at Ft. Bliss, Texas. In FY 1985, Army Reserve NCO's will also participate for the first time in the resident First Sergeant Courses. A total of 66 senior Army Reserve NCOs have been selected for these senior level enlisted courses.

During 1984, increased emphasis was placed on educational courses available to Army Reserve noncommissioned officers. Effective 1 July 1985, regulations will require the completion of Reserve Component NCO courses or Active Component resident NCO courses for Reserve promotion consideration. This change underscores the commitment by the Army Reserve to improve its junior NCO leadership's technical competence.

US ARMY RESERVE AVIATION

FLYING HOUR PROGRAM



Army Reserve Aviation

Effective management of Army Reserve aviation training resources requires the identification and utilization of Army Reserve training seats at Army service schools by individuals and Reserve unit members. In FY 85 Army Reserve centralized training seat management will be greatly expanded.

The Army Reserve Flying Hour Program in FY 85 includes 85,200 hours for Army Reserve unit aviators and 5,200 hours for IRR aviators.

The Army Reserve has developed a plan to increase its aviation contribution to the Total Army by modernization and reorganization. This plan proposes to modernize the Army Reserve aviation structure through the addition of three aviation group headquarters which will include five combat aviation battalions, one general support aviation battalion, and four of the 15 new attack helicopter battalions designated for the Army Reserve Components. These battalions will be organized as part of an improved functional command and control structure which is still in the planning stage.

Additional Drill Assemblies

As the missions, responsibilities and training tempo of the Army Reserve increase, the significance of additional drill assemblies (ADA) for its troop program units increases. There are several varieties of ADAs currently in use by Reserve troop program units:

° Additional flight training assemblies -- Each Army Reserve unit aviator is authorized up to 24 additional training assemblies annually to maintain his flight proficiency.

° Additional airborne unit training assemblies -- Personnel of Army Reserve airborne units are authorized six additional training periods each year to maintain their airborne skills.

° Additional assemblies for nuclear training -- These additional training assemblies, first authorized in 1985, are used to maintain selected unit members' nuclear weapons employment planning skills. Four additional assemblies each year are authorized for each selected unit member.

° Additional training assemblies -- Selected unit members are authorized up to 12 additional training assemblies annually for training planning and preparation.

Most of these programs have remained quite stable for the past several years. Growth has been programmed in these areas commensurate with future Army Reserve mission expansion.

Training Simulators

Since FY 84, the Army has been developing training devices specifically to improve readiness. The procurement of the Multiple Integrated Laser Engagement System (MILES) resulted in 30 major Reserve Component training sites being equipped with this training aid. Also in FY 85, the Army is procuring video disk tank gunnery trainers for each Army Reserve tank company and armor oriented training divisions.

The Prior Service Training (PST) Program

The Prior Service Training Program provides retraining of prior service personnel whose primary skill does not match that of the position they fill in the local Army Reserve unit. This program is expected to increase unit personnel readiness and reduce retraining requirements of Army Reserve units. We expect to train 3,000 personnel in this program in FY 85.

Army Medical/Dental Training for Reservists

The number of Army Reserve medical and nursing personnel has increased dramatically in recent years. In view of these increases, new programs have been developed to enhance retention and increase specialized training.

These programs include increased medical personnel participation in combat casualty care, chemical casualty, and biological warfare and infectious disease courses. A special course designed to enhance physician skill in deployment medicine was initiated in January 1985, with a second course planned for July 1985. The focus is to expand skills in areas where expertise will be critical upon mobilization.

To retain its medical personnel, the Army Reserve has implemented flexible medical training programs. These programs can be found at all levels of the Army Reserve. Some medical units permit their personnel to train on a mutually agreeable schedule other than the normal drill dates. The First Army Medical Augmentation Detachment assigns Medical Corps officers to units requiring their medical skills somewhere within the army area and then attaches them to other units for administration. Army Reserve physicians have a flexible drill and annual training schedule at or near their homes; upon mobilization, they report to their actual units of assignment.

Enlisted Medical Training

The Health Services Branch of ARPERCEN's Enlisted Personnel Management Directorate coordinates training for IRR members under the Continuing Health Education Program. This training helps enlisted Reservists with health care skills to develop and update their specialties, and to ensure high standards of professional performance. The training also includes attendance at lectures, scientific meetings, seminars, workshops, clinical traineeships, mini-residencies, and courses given by health services societies.

Many Army Reservists are unable to leave their civilian occupations for the extended period of time required to pursue Army Reserve medical training in a resident program. As a result, the Reserve Components Trainers Conference was established to review existing resident training programs and to prepare the courses for use in the Reserve Components. Several specialty courses have been reviewed under this program and more are scheduled for this fiscal year.

In addition to new and advanced training, sustaining medical skills also requires a great deal of attention. In unit and individual training emphasis is placed on the ability of medics to perform under all circumstances. Extensive opportunities also exist for medical personnel assigned to the IRR to maintain their medical skills through site support of Reserve units at annual training and through readiness training at Army medical treatment facilities.

School Training

Initiatives requiring more Reservists' participation in active duty schooling and the continuing expansion of the Army Reserve school system have caused significant growth in the School Training Program. School Training funds support refresher and proficiency, career development, undergraduate pilot and officer candidate training.

Funding growth in the School Training account from FY 82 to FY 84 has increased at a rate of almost $10 million per year. School Training funds support many of the highest training priorities of the Army Reserve such as MOS qualification. Even though school funds have increased, there remain many reservists who require MOS qualification schooling. School funds are programmed for future growth to support improved skill qualification. FORSCOM initiatives to better manage school funds will also contribute to alleviating Army Reserve MOS mismatches.

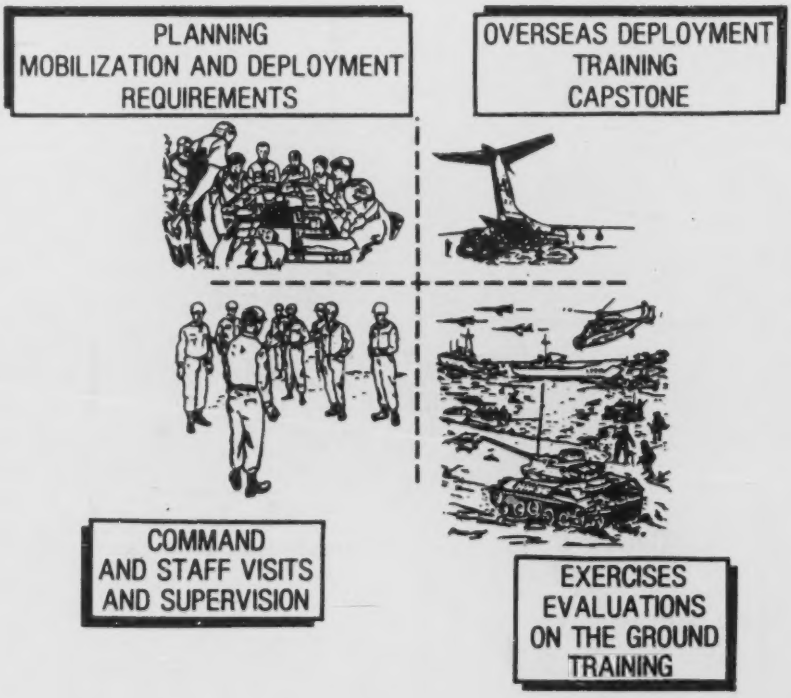
Career development training is a mandatory requirement for officer promotion and subsequent retention in the Reserve Components. Increases in school funding will allow more Army Reserve officers to participate in active duty training phases of courses required to meet mandatory professional development requirements. An improvement in promotion selection and retention rates is expected based on increased funding.

Strong growth in School Training funds, an intensified FORSCOM school management system, and continued Army staff support will resolve many USAR school training problems in the future.

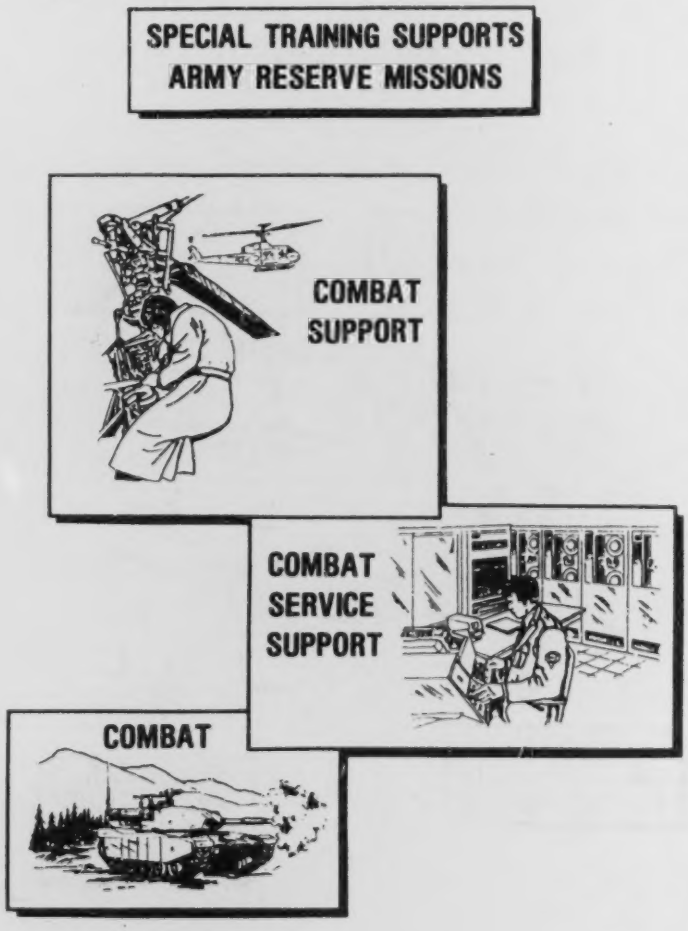
Army Reserve Special Training Funds

Army Reserve missions range from combat to combat support and combat service support. From 1981 to 1985 the Total Army dependence upon Army Reserve units to perform a greater part of each of these missions has grown. Special training funds pay for the activities required to prepare Army Reserve units to meet these missions.

SPECIAL TRAINING FUNDS SUPPORT THE FOLLOWING TRAINING AREAS



From FY 81 to FY 85, growth in the Army Reserve Special Training account averaged $12.5 million per year. Special training allows Army Reserve units and unit personnel to participate in exercises, provide command and staff supervision, and conduct detailed planning. It should be noted that this special training greatly enhances the effectiveness of units' regularly scheduled drills and training periods. Special training funding has also supported significant increases in the number of units participating in overseas deployment training, CAPSTONE activities, and premobilization planning.



Funds for competitive events in military skills also provide highly visible representation for the Army Reserve at national and international events and enhance mutual efforts with our NATO allies. The dollar cost for competitive events, although growing, represents less than 1% of the Army Reserve Special Training account. The Army Reserve is especially proud of its four medalists at the 1984 Los Angeles Olympic Games. They are representative of thousands of Army Reservists who compete and train for military readiness.

Physical Fitness in the Army Reserve

The Army Reserve continues to administer the Army Physical Readiness Test to eligible TPU members during annual training and to eligible IMA and IRR members when they perform their annual or mobilization training. During FY 84, the Army Fitness School and Research Institute graduated the first four Army Reserve master physical fitness trainers. The Army Family Fitness Manual (DA Pam 350-21), the Individual Fitness Handbook (DA Pam 350-18), and the Commanders Fitness Handbook (Da Pam 350-15) were recently made available for Army Reserve unit distribution. Physical screening for Reservists age 40 and over was initiated for the Army Reserve during required quadrennial physical examinations in FY 84.

Under this program, all soldiers age 40 and over are required to undergo cardiovascular screening before taking the Army Physical Readiness Test. In July 1984 the Army decided to expand the 40-and-Over Cardiovascular Screening Program to include Reserve Component (RC) soldiers. In order to comply with this decision, a pilot program is being conducted in Virginia during FY 85. All other RC personnel who have not yet received their 40-and-over cardiovascular screen will receive it as part of their routine quadrennial physical examinations. Only those soldiers who have passed phase I of the cardiovascular screen will be permitted to take the physical readiness test.

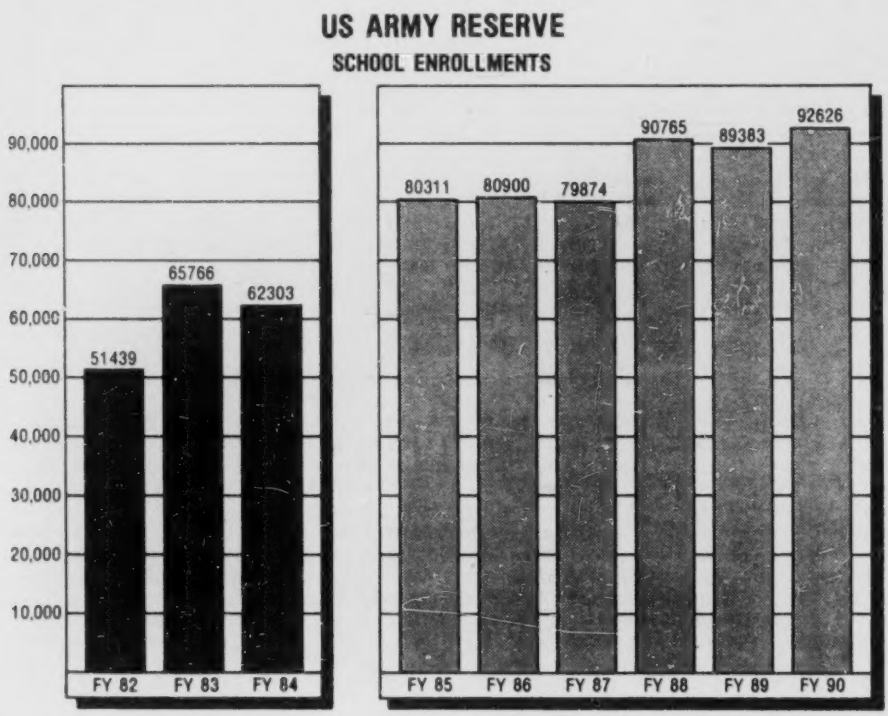
Increased Resident Service School Training Opportunities

Since 1981 improvements have been made in the management of Army Reserve resident course training needs. From a decentralized system in which many commands reported requirements and allocations, the Army Reserve is moving to an automated system which identifies all requirements. Utilization of available service school courses has undergone a dramatic improvement due to centralized requirements development and greater publicity of various course opportunities for Army Reserve units and individuals. Increased resident schooling opportunities will allow the Army Reserve soldier to receive the same training on new equipment and doctrine as that received by his Active Component counterpart.

US Army Reserve Schools

During the 1970's, local US Army Reserve schools had an authorized strength of approximately 6,000. The FY 85 strength for USAR schools stands at 10,132. There are 71 MOS courses available for instruction in Army Reserve schools, with more on the way.

Army Reserve schools operate as troop units to provide requisite military education to members of the Army Reserve, the Army National Guard and the Active Army. Army Reserve schools offer training in the Command and General Staff Officer Course, officer advanced courses, the Warrant Officer Entry Course, enlisted MOS courses, and NCO leadership courses of the Noncommissioned Officer Education System (NCOES). The increasing enrollments are supported by a combined staff and faculty of more than 10,000. Particular emphasis and direction is directed toward MOS and NCOES courses, which on the average comprise 70-75% of our total enrollment.



Reserve Officer Education: Where It Stands

All newly commissioned officers are now required to attend a resident officer basic course at their branch service schools. All Army officer basic courses have been revised to accommodate this training requirement. Branch officer advanced courses have also undergone major revisions to provide more up-to-date training.

All officer advanced courses completed through a nonresident option will require a minimum of two, two-week ADT phases in residence at branch service schools for study of specific branch subjects and training which cannot be effectively presented through correspondence courses. The increased emphasis and support by the Congress for school training funds will provide more effective resident training opportunities to a greater number of Reservists.

Mandatory resident skill qualification training was approved in 1984 in order to improve the quality of military education of Army Reserve officers. The officer basic course has been lengthened to a minimum of eight weeks. All directly commissioned lieutenants must now attend and complete a resident basic course. The previous option of correspondence course study has been dropped.

Completion of an officer advanced course now requires a minimum of four weeks in residence, replacing the previous 100% correspondence option. Resident advanced courses are being revamped to expand the curriculum to a minimum of fourteen weeks. The first of these expanded courses was conducted at the Engineer School. In keeping with the Total Army policy, Army Reserve officers are fully integrated with Active Component officers in all resident schools.

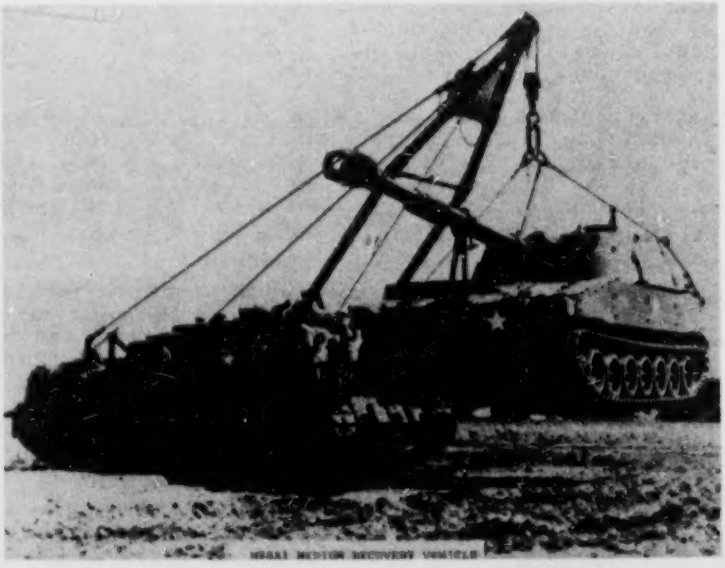
Equipping, Modernizing, and Sustaining

The Army Reserve is a part of the Total Army's equipment requirements. The support of the Congress in the past two years has made it possible to come much closer than ever before to meeting the objective of equipping for combat readiness.

New facility construction, authorized by past Congressional action, gives the Army Reserve a sound structure of professionally adequate facilities. Those facilities help the Army Reserve to attract recruits, retain and train them to a high state of readiness, and to maintain equipment economically.

Equipping the Reserve Force

Equipment shortages, the most serious limiting factor affecting readiness in the Army Reserve, are a long-standing problem which will not be easily solved. Based upon equipment on hand in Army Reserve units, wartime equipment requirements are presently at about 50% fill, and peacetime fill authorizations are at approximately 60%. These figures, which have improved only slightly over the past four years, are consistent with percentages of Army Reserve units rated combat ready (C-3 or better).



Nevertheless, significant progress has been made in obtaining substantial quantitities of more modern equipment for the Army Reserve. Since 1980, the Army Reserve has received over $339 million in dedicated procurement funding as a result of Congressional and OSD initiatives. Consequently, the dollar value of equipment issues to the Army Reserve increased from $60 million in FY 82, to $95 million in FY 83, and $150 million in FY 84. FY 85 issues are expected to total over $300 million from all sources including redistribution of Active Component current generation equipment. Five-ton trucks, wreckers, semitrailers, power units, generators, radios, field telephones, and materiel handling equipment such as cranes and fork lift trucks are but a few of many items which have been distributed to the Army Reserve from new procurement over the past two years.

The general guideline for distributing equipment within the Total Army continues to be first-to-fight, first equipped. Under this precept, Army Reserve units are interspersed in the equipment distribution queue among Active Component and National Guard units, according to their planned deployment dates. The result of this policy is that early deploying units are relatively well-equipped, while shortages are concentrated in late deploying units. It is therefore necessary to temper our adherence to the first-to-fight methodology by other considerations.

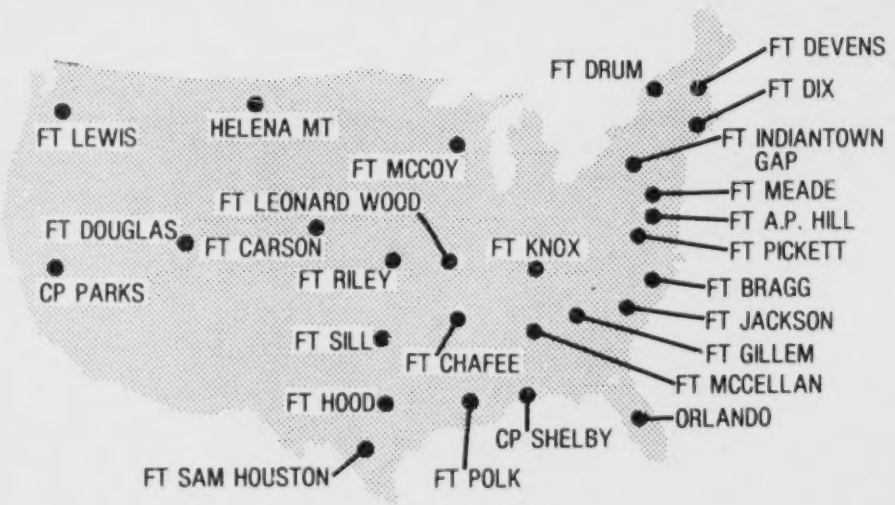
Essential Equipment for Training the Army Reserve

The Minimum Essential Equipment for Training (MEET) Program was initiated in July 1983 to remedy equipment shortages that impair unit training in Reserve Component units. The program's initial emphasis is on late deploying or nondeploying units such as training divisions, where equipment shortages are particularly severe. For the Army Reserve, the objective is to fill shortages of over 300 items in specified units by the end of FY 86. As of October 1984, over 120 MEET issues were made to designated Army Reserve units from depot maintenance programs and redistribution as well as from new procurement. MEET items include trucks, trailers, tracked vehicles, night vision devices and communications equipment. The Army is institutionalizing and extending the MEET program to all its Components by developing MEET requirements for each type unit. This program coupled with the existing distribution system will go far towards reducing equipment shortages that impair unit training.

Equipment Concentration Sites

Another means of making equipment available for training Army Reserve units is the use of Equipment Concentration Sites (ECSs). There are 27 such locations to upgrade maintenance, provide adequate storage and security of pooled equipment, support training requirements, provide custody of unit equipment needed in the event of mobilization, and reduce the new construction requirement at individual Army Reserve centers.

EQUIPMENT CONCENTRATION SITES (ECS)



US Army Reserve Commands (ARCOMs) supervise the operation of the ECSs. Currently one additional ECS system is under construction. During 1984 the Equipment Concentration Site Staffing Guide was revised to provide adequate staffing.

Helicopters for the Reserve

Army Reserve helicopters are aging and becoming increasingly difficult to maintain. In FY 83-84 the first UH60 Blackhawk helicopters were issued to the Army Reserve. Four of the five Army Reserve aviation intermediate maintenance (AVIM) companies each received one Blackhawk to use for maintenance training to meet their wartime mission requirements. These UH60s are part of the Operational Readiness Float (ORF) Program; they are repaired and returned to supported Active Component units. The balance of the Army Reserve helicopter fleet consists of older UH1H (Huey), OH58A (Kiowa), and the CH-47A/B (Chinook) model helicopters.

UH-60A (BLACK HAWK)

Fixed Wing Aircraft in the US Army Reserve

The Army Reserve fixed wing aircraft fleet is also very old and is becoming increasingly difficult to maintain. The average aircraft age is approaching 25 years and includes some aircraft that have nearly 30 years of service. Over the past few years, extensive upgrading of the existing U8 fleet has been contracted because newer U21 and C12 aircraft have not yet been programmed for the Army Reserve.

These upgrades were supported by FY 83 dedicated procurement funds used to purchase new avionics packages for all Army Reserve U8 aircraft. Also included is an ongoing U8 engine upgrade project funded through the depot maintenance program. These upgrades have resulted in better avionics and performance reliability, improved capability, and enhanced safety in an aircraft programmed to remain in the Army Reserve inventory until 1995.

Clothing and Individual Equipment

Issue of new temperate climate camouflaged battle dress uniforms to the Army Reserve began in FY 82. Resource constraints dictated that initial issues be limited to fair wear and tear replacement of the old OG507 fatigues. Unlike the Active Component, Army Reserve members receive replacement items rather than a clothing maintenance allowance. In FY 84, however, sufficient funds were made available to begin one-for-one replacement of the old fatigues to the full allowance of three battle dress uniforms for Reserve unit members. Early deploying Army Reserve units also began to receive issues of the new Kevlar helmet in FY 84. The Army Reserve will also issue the new camouflage field jacket to unit members in FY 85.

Chemical Protective Clothing

Other programs also contribute to enhanced readiness and sustainability of Army Reserve units. One such program is the issue of the Army new camouflaged chemical protective battle dress overgarment (BDO).

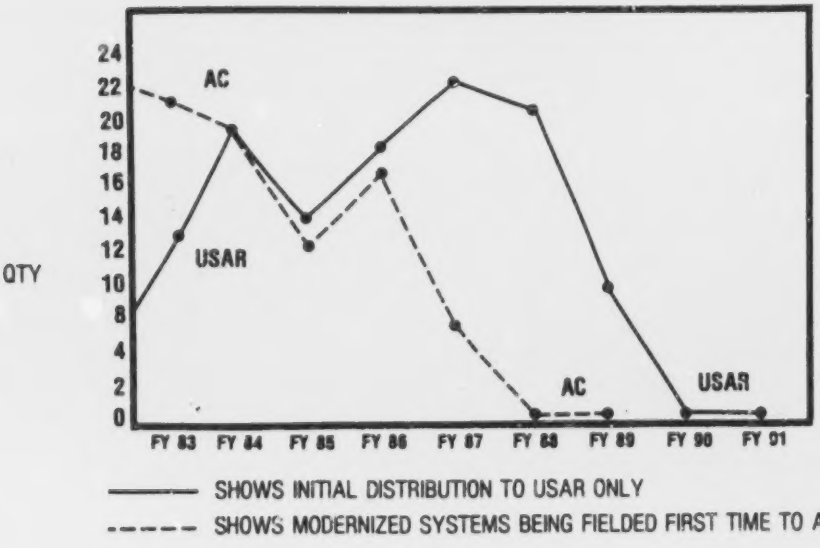
Before the end of FY 86, plans call for the issue of one complete set of BDOs to each member of a Reserve unit scheduled to deploy before D+60. During FY 85, 17,000 sets are slated for issue to the Army Reserve, with an additional 133,000 sets in FY 86. Additional nuclear, biological, and chemical warning, detection, and decontamination items are also programmed for distribution to the RC during this period.

Force Modernization Initiative

Modernization of the force, including the US Army Reserve, continues to be a high priority issue for the Army. Through 1991, the Army Reserve will be receiving a number of new and modernized systems including the Blackhawk Helicopter, the Bradley Fighting Vehicle, and the Commercial Utility Cargo Vehicle (CUCV).

The executability of modernization initiatives is considered as part of the Total Army posture. Specific guidelines for the transition to new organizational designs and equipment are established in detailed Force Modernization Master Plans. Semi-annual workshops are conducted to assess the ability of the Active and Reserve Components to receive new equipment, train with it, and maintain it. Implementation of these procedures has enhanced the Army Reserve's ability to modernize in step with the Active Component.

FORCE MODERNIZATION



Special Operations Forces in the Army Reserve

Much of the Total Army force structure for special operations including special forces, civil affairs, and psychological operations units, is in the Army Reserve. Together, these units and their Active Component counterparts comprise the category of Army units designated as special operations forces (SOF). All these units, including those in the Army Reserve, are under the proponency of a single special operations command (First SOCOM).

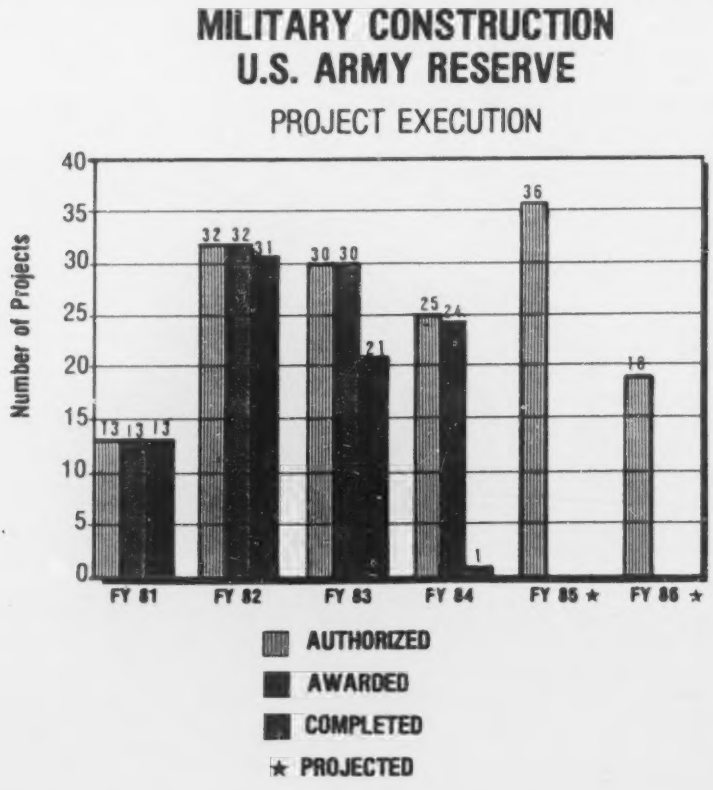
There has been a longstanding effort to modernize the SOF, to improve its force structure, and to increase available resources for equipment and training. These initiatives have been prompted, in some measure, by interest of Congressional leaders aware of increasing operational requirements for SOF. These efforts have gained further impetus as the result of the contributions of Army Reserve civil affairs personnel during the Grenada rescue operation, Urgent Fury.

Improved organizational structures are being developed for Army SOF units, and a new Army Reserve unit is being activated to assume a major role of both peacetime and wartime support of First SOCOM.

Modernization and resourcing of Army Reserve SOF units is expensive and complicated, since much of the equipment involved is unique and generally found only in SOF units. Successful modernization of such units requires a continuing funding commitment.

New Facility Construction

During FY 84, the Army Reserve enjoyed another successful year in upgrading and replacing its facilities. The key to this success was developing an executable program prior to submitting it to Congress for funding. Design of major construction projects is being accelerated to have projects 100% designed and ready for contract at the time the program is approved by Congress. As a result of timely execution of the FY 84 and prior year programs, plus a favorable construction market and Congressional approval of our reprogramming requests, six additional projects were executed. In FY 85, construction of six new replacement centers and two multipurpose field training ranges will begin. Additionally, work will begin on the modernization and expansion of 24 existing Army Reserve centers.



Managing, Mobilizing, and Deploying

These are the activities that give the Army Reserve program its reason for being. Personnel are the backbone of the program, training its muscle, and structuring, equipping, modernizing, and sustaining its bag of tools. How well we mobilize and deploy is determined by how well we manage. Mobilizing and deploying are what the Army Reserve exists to do. These are our top priorities. While the Army Reserve is better ready to mobilize and deploy in 1985 than ever before, improvement of these capabilities is still needed.

Force Structure and Management Developments

Since the Army Reserve began to increase its paid drill strength in the late 1970's, there has been a requirement for increased force structure. The Army has been directed by DoD to expand its trained in unit strength and ensure that troop units are manned by personnel with adequate military training. In FY 83, the Deputy Chief of Staff for Plans and Operations imposed a force structure allowance (FSA) on the Army Reserve, similar to the cap imposed on the Active Component. The FSA generally controls growth in the RC troop unit structure; however, the FSA is periodically adjusted as the Army Reserve demonstrates its ability to activate and fill new or upgraded units. Expansions of Army Reserve FSA are programmed for 1986 to 1991.

Reorganizing the Command and Control Structure

During FY 84-85, the Army reorganized some of its command and control structure for the Army Reserve. This reorganization included the elimination of nine Army readiness and mobilization region headquarters and the activation of two additional continental US Army (CONUSA) headquarters.

As a corollary, US Army Forces Command (FORSCOM) initiated a Future Refinements Study to determine ways to improve the Army Reserve command and control structure. The emphasis was on refining command relationships to improve unit readiness and conserve funds. In late 1984, the Future Refinements Study was completed, and the report with recommendations was submitted to Headquarters, Department of the Army. One of the most pressing problems explored in this report was the need for upgrading Reserve automated mobilization data handling and linkage to the Active Component.

US ARMY RESERVE COMMAND HEADQUARTERS

Automation Support for the Army Reserve

Numerous studies and experience gained through mobilization exercises have identified significant problems in Reserve Component automation support. The Continental Army Management Information System (CAMIS) is being developed as a major computer based information resource management system that will support the Army Reserve and Army National Guard command and control system. CAMIS will interface with current and projected standard Army management information systems to provide accurate information to Army decision makers at all levels. It will be the primary mobilization support system for the Reserve Components. By relieving commanders and staff of time consuming administrative duties, CAMIS will allow them to concentrate on leading, training, and planning. This will serve to improve mobilization readiness, planning, and program execution.

A Demonstration CAMIS Validation System developed to test concepts to be included in Mainline CAMIS has been successfully used in several mobilization exercises. Demonstration CAMIS was also utilized to validate, evaluate and refine Reserve Component requirements for automation in Mainline CAMIS.

Since the fielding of Mainline CAMIS is several years in the future, and the Demonstration CAMIS network had provided a partial, unclassified capability to support the planning and execution of the Reserve Component's mobilization mission, the Army made provision to continue this interim system. The network was renamed Developmental Army Readiness and Mobilization System (DARMS), and will continue functioning until Mainline CAMIS is operational.

A request for proposal for Mainline CAMIS was released to industry in FY 1984 and responses were received in January, 1985. These proposals are currently being evaluated and a "compute-off" contract will be awarded to the two or three top proposals in first quarter of FY 86.

Funds to support the CAMIS "compute-off" in FY 86 are programmed, and Mainline CAMIS is scheduled to begin in FY 87.

The Reserve Participation Accounting System

The Reserve Participation Accounting System (RPAS) is now the management responsibility of the Chief, Army Reserve, through ARPERCEN, and action has been taken to improve its accuracy and timeliness. ARPERCEN expects significant improvements in this system which tracks all authorized participation in Reserve training activities to be apparent later this spring.

RPAS will provide:

- Maximum application of existing Army Reserve automated data bases to streamline and reduce the manual data capture.

- Utilization of other Army automated data bases to capture active duty data of personnel transferring from the Active Component to the Army Reserve.

- Enhancement of individual members' understanding of participation reporting, its importance to their careers, and what actions must be taken if the data reported are incorrect or incomplete.

- Initiation of a comprehensive information campaign concerning the importance of RPAS to Reservists, and the responsibilities of ARPERCEN, FORSCOM units, and each individual in the efficient operation of the RPAS.

RPAS is expected to significantly improve Army Reserve retention.

Any effort to successfully apply automation to the management of the Army Reserve must recognize several factors:

- The extremely large numbers of soldiers within the Army Reserve.

- The dynamic nature of the strength of the various control groups of the Army Reserve.

- The complexity inherent in accounting for individuals who share roles and responsibilities in the civilian and military sectors.

- The requirement for compatability among Total Army data bases.

While accommodating these factors and acknowledging the continued importance of the existing main mobilization data base for overall personnel accountability, ARPERCEN has recognized the value of utilizing a number of smaller compatible systems to tailor individual data bases to the needs of each Reserve management mission. In applying automation technology in this manner, more efficient personnel, training, mobilization, accountability, and sustainment management can be effected.

The goal of automation technology within ARPERCEN is to provide each manager the timely and accurate data needed to manage for mobilization.

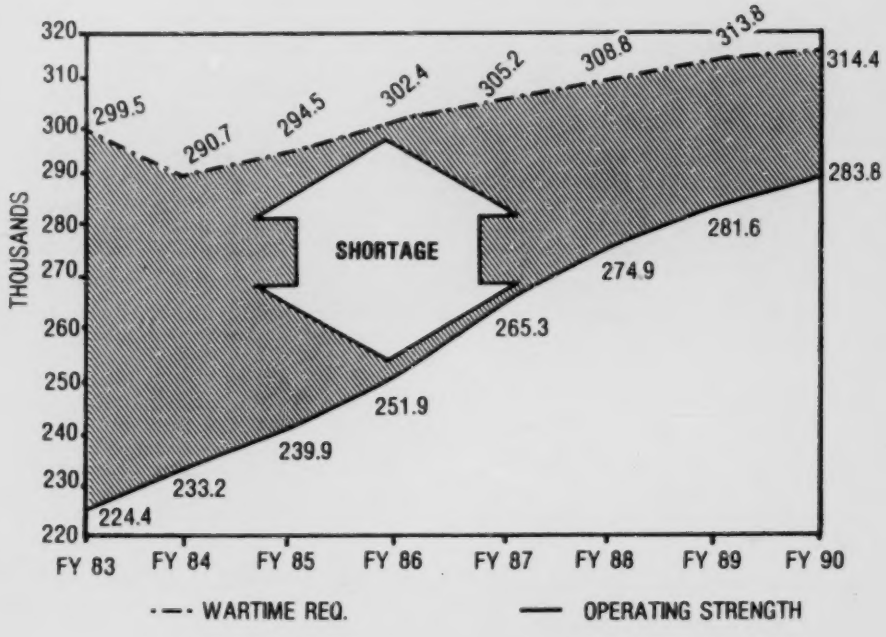
Accurate Strength Counting - the Individuals Account Initiative

Historically, the inclusion of untrained, newly assigned personnel in unit strength has impeded progress toward the Army Reserve's efforts to meet its assigned readiness goal of 90% trained in unit strength as measured against wartime requirements by 1990.

To achieve this goal, an individuals account comprised of unit personnel in the training pipeline was established by the Secretary of the Army, effective 1 October 1984. As a result, assigned, through as yet untrained, personnel will no longer be calculated in unit readiness ratings.

COMPARISON OF WARTIME TO ACTUAL/PROGRAM

STRENGTH IN UNITS OF THE ARMY RESERVE



★ DOES NOT INCLUDE UNTRAINED MEMBERS

Mobilization Training Increases

Congressional support has resulted in significantly increased mobilization specialty training during the past five years. The focus has been to train available IRR personnel in the grades and specialties required by RC and AC units upon mobilization.

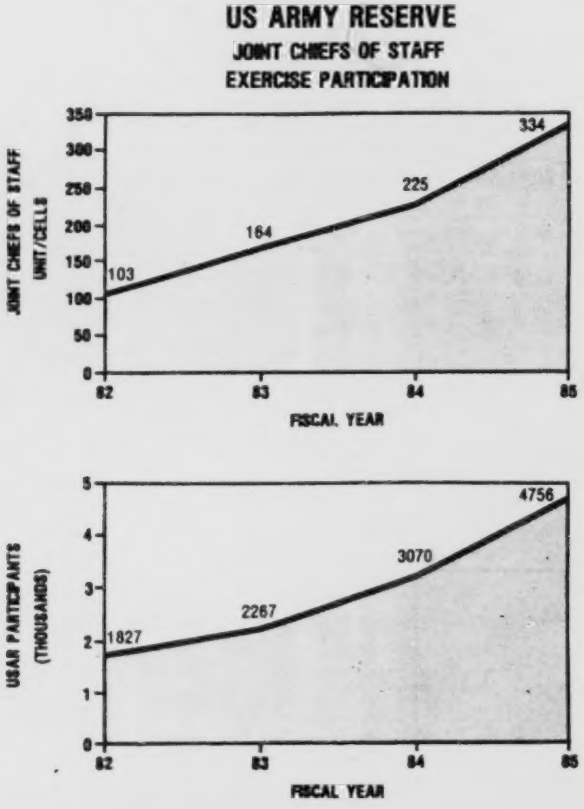
Continuing increases in mobilization training funds will enable more IRR personnel to train, and will provide more career development opportunities producing better motivated and trained individual Reservists. FY 85 mobilization training funds provide a 60 percent manday increase over FY 1984. We anticipate training about 35 percent more IRR personnel in FY 85 than in FY 84. Increased tour length and participation will substantially improve the IRR's readiness posture.

Deploying Overseas

The Overseas Deployment Training Program ensures realistic periodic training in areas where Army Reserve units may have to deploy pursuant to contingency operation plans. High priority Army Reserve units are projected to train overseas once every three years. Other units within the D to D + 60 category are programmed for overseas training once every five years. Reserve Component participation in overseas deployment training has increased from 26 units in FY 76 to over 650 units/cells this year. The result is increased, realistic, mission oriented training.

Joint Chiefs of Staff (JCS) Exercises

A basic objective of US Army Forces Command is to exercise all major Reserve Component units through participation in major exercises sponsored by any of the unified, specified or combined commands. Such exercises will normally constitute annual training for participating individuals and units.



Army Reserve participation in JCS overseas exercises has grown from 103 units/cells in FY 82 to more than 330 participations in FY 85. The JCS exercises program involves overseas deployment of equipment and troops in varied environments from Europe to Southwest Asia to Pacific and Central America.

The Army Reserve and the Americas

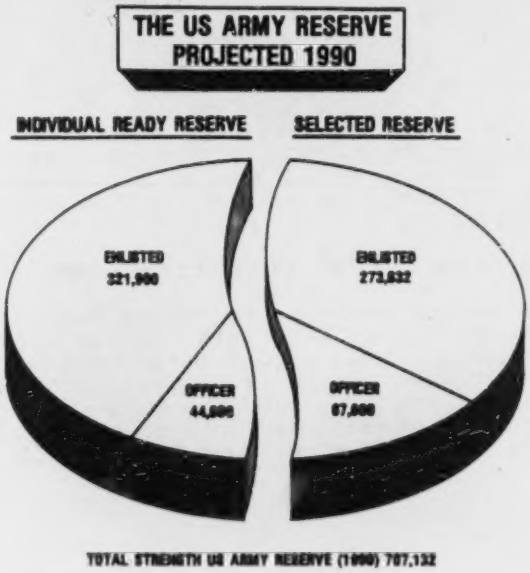
During FY 84-85, overseas deployment training (ODT) provided Army Reserve units the opportunity to plan for and train in Latin America. Mission training was enhanced by operating in a tropical environment unavailable in the continental United States. An Army Reserve civil affairs brigade has regularly provided training support to SOUTHCOM. This brigade has provided excellent support, made significant contributions to SOUTHCOM's mission, and received real world civil affairs training as part of its CAPSTONE affiliation with SOUTHCOM. Another Army Reserve civil affairs brigade has provided significant civil affairs support to the Republic of Grenada and is assisting in the rehabilitation of that country's schools. These efforts have been instrumental in paving the way for additional Army Reserve contributions to SOUTHCOM as well as providing unique training opportunities in this area.

SECTION III
THE NEXT STEP- FY 86 AND BEYOND

Citizen-soldiers are historically the most cost effective form of national defense. Their military training enhances their civilian productivity. Their ability to fill in as fulltime, come-as-you-are soldiers without the overhead costs of fulltime personnel, represents savings in the military budget. The rapid deployment capability of the 1980's Army Reserve is particularly cost effective because of the ability of Reserve units and individuals to reinforce, fill or replace Active Component forces, in expensive, high technology skill areas.

Personnel, FY 86 and Beyond

Personnel actions in FY 86 will focus upon filling of high priority positions and recruiting of quality soldiers. Special attention will be given to critical, high technology skill areas. An increase of more than 41,000 Reserve unit members is projected by 1990. Continued growth in Army Reserve personnel is essential if we are to reduce the gap between our trained-in-unit strength and wartime requirements.



The New GI Bill

Beginning in July 1985, the Education Benefits Program (the New GI Bill) will provide members of the Army Reserve up to $140 a month for as much as 36 months of full time college or college equivalent study. The Reservist must agree to serve six years in the Selected Reserve. The Education Benefits Program is expected to attract about 2,300 participants in the last quarter of FY 85 and nearly 18,000 in FY 86.

Recruiting in FY 86 and Beyond

The FY 86 budget continues evolutionary program growth during a critical recruiting and retention period. The number of potential recruits in the 17 to 24-year-old prime prospect market is steadily shrinking. This means more competition with industry and with other services seeking to enlist young men and women from the same declining population. It will require the Army Reserve to initiate, renew, or expand its advertising program across the board to interest eligible prospects in junior colleges, trade schools, and young adults in the workforce in joining the Army Reserve. Greater emphasis will also be placed on retention advertising and direct mailings to Reservists and their families designed to reduce attrition.

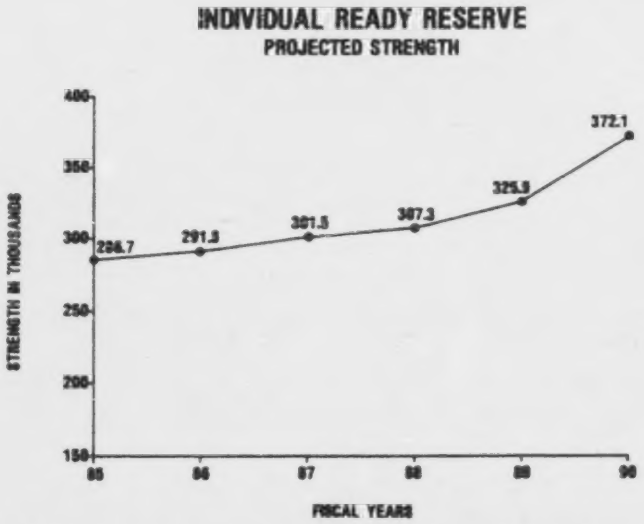
Studies indicate that the pool of eligible nonprior service men and women will continue to shrink until about 1990, after which there will be an upward trend. This indicates a clear need to maintain our recruiting and retention advertising. Beginning in FY 86, the Army Reserve will be part of a market survey that will further measure advertising effectiveness and allow us to finetune our advertising to achieve maximum impact at minimum cost. Effective advertising will continue to be one of the most important tools for maintaining the personnel strength of the Army Reserve.

Full Time Unit Support (FTUS) in FY 86 and Beyond

By FY 89, approximately 14% of our Army Reserve troop program unit strength will be full time personnel assisting drilling Reservists. We are currently refining full time support data models that will assist us in effectively managing this program growth and assigning full time support personnel where they will have the greatest impact in supporting drilling Reservists in meeting mobilization readiness goals.

The Individual Ready Reserve (IRR) in FY 86 and Beyond

The IRR reenlistment bonus is being restructured to better target wartime critical skills needed from the IRR. Army studies have identified the skills critical to the support of early deploying units and a target of 12,000 IRR reenlistment bonuses has been established for FY 86. The bonuses will help retain soldiers needed early in the mobilization process. This reenlistment bonus is one of the keys to qualitative improvement of the IRR.



Intensified personnel management of the IRR will be required to retain and improve this growing body of pretrained individual personnel. An integral part of IRR personnel management is training management. A comprehensive IRR training strategy program is under development to improve the mobilization readiness of soldiers in selected military occupation specialties. The strategy may range from skill training in selected critical skills to refresher training in basic skills for greater numbers of IRR soldiers. The recently increased military service obligation will provide significant growth in the IRR beginning in FY 90. Projections also indicate that the reenlistment bonus could attract an additional 43,000 reenlistees by FY 90. Increased management of the IRR will provide the Reserve qualified soldiers as members of troop units and the IMA programs in peacetime, and as mobilization assets in time of war.

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ROTC in FY 86 and Beyond

The Reserve Officers' Training Corps (ROTC) Program will produce 8,300 officers in FY 86; about 1,150 of these will be assigned to Army Reserve duty. 70% of the Army Reserve production will be scheduled for troop program unit duty, with the remainder slated for the IRR. To assist in the instruction of the increased ROTC student load, the Army Reserve has programmed an additional 157 Active Guard/Reserve (AGR) officers to as serve assistant professors of military science in ROTC detachments in FY 86.

ROTC production will reach 10,700 officers by FY 90. One third of these new officers will enter the Army Reserve. In order to increase the experience of these Reserve Forces Duty (RFD) ROTC graduates, a program is being designed to give selected officers a two year tour of duty in a combat arms branch of the Active Component. This initiative is the Reserve Component Experience Enhancement Program (RCEEP). 250 lieutenants are slated to participate in this program in FY 87; the total will grow to 750 participants by FY 91. This program is crucial to ensuring that RFD ROTC graduates bring a solid base of precommissioning training and active duty service with the Active Component with them when they join the Army Reserve as junior officers.

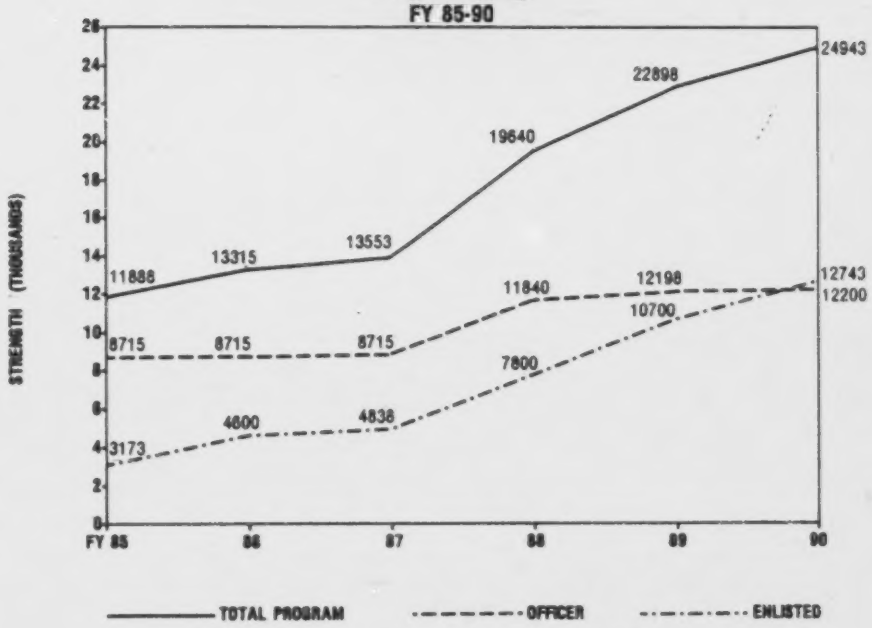
The Individual/Mobilization Augmentation (IMA) Program and Mobilization Training, in FY 86 and Beyond

Continued support of the IMA program and mobilization readiness training for Individual Ready Reserve personnel will allow more individual Reservists to be trained in FY 86. Programmed end strength of Individual Mobilization Augmentees will climb to 13,315 by FY 86.

FY 87 will be the departure point for significantly increased growth in the IMA program. From an FY 86 projected strength of 13,315, the program will grow to about 25,000 by FY 90. The FY 90 strength will encompass a program balanced (50/50) between officer and enlisted members. This growth will be primarily in assignments to Active Component units. IMA funding for FY 90 is projected to increase about 59 percent over FY 85.

INDIVIDUAL MOBILIZATION AUGMENTEE

PROGRAM GOALS
FY 85-90



The sustained increase in Congressional appropriations for the troop program unit authorized strength, the Individual Mobilization Augmentation (IMA) Program, and mobilization readiness training over the last five years demonstrates that the national leadership recognizes the significant contribution the Army Reserve will make in the event of mobilization. The growth of the Reserve program and its integration into the Active Component structure will make it a key element in the mobilization readiness of the Total Army.

Women Reservists in FY 86 and Beyond

We recognize that the Army Reserve's mission has numerous roles for women. By the end of FY 86 women will account for 17.5% of the Army Reserve force.

The Army Reserve's long term objective is to achieve a mix of 80% males and 20% females by 1990. This represents a female increase of approximately 1/2 % per year and emphasizes the belief that women must play an important role in our national security. Our recruiting and retention programs are constantly being analyzed to ensure that we are on target in the recruitment of women.

The Family of the Reservist in FY 86 and Beyond

Efforts are underway to establish full time positions in selected field units to work with reservists and their families. This will assist families in understanding their rights and benefits, and to resolve circumstances adversely affecting family support for the Reservist. Increased family involvement should also result in the Army Reserve having a more favorable position in the local community. The result should be improved recruiting and retention.

Training

The Army Reserve will intensify its training activities in FY 86. We expect that increased training with Active Component units will yield higher Army Reserve readiness. Expanded use of automated data processing will also increase the efficiency of training management at every level.

Reserve Officer Training in FY 86 and Beyond

There will be continuing need for Army Reserve personnel to participate in resident training to maintain required standards of proficiency and familiarization with new technological developments and systems. During FY 86 there will be increased emphasis on resident training for Army Reserve officers. In addition, FY 86 will be the first year of the new Warrant Officer Entry Course which will consist of two phases: a correspondence phase and a two week, "high stress environment," active duty phase. Both phases will be required for appointment as a warrant officer.

Training Reserve NCOs in FY 86 and Beyond

With the planned expansion of Army Sergeants Major Academy, Army Reserve participation will be increased. This objective is to have an Army Reserve NCO in each of the 25 sections. This will provide greater interface between Active and Reserve Component noncommissioned officers.

A new senior operations and intelligence NCO course for 500 students of all components will be added to the Army Sergeants Major Academy curriculum. Army Reserve units are being surveyed to ascertain which would benefit most from NCOs' attendance at this course.

Required NCO education courses will improve the tactical and battlefield leadership and survival skills of our NCOs. There is a major Army Reserve commitment to MOS enhancement training, a necessary foundation to maintain and improve MOS proficiency. By FY 87 the NCO Education System programs of instruction will be adjusted by developing specialty courses specifically for the Reserve Components. The Army Reserve anticipates the establishment of a management and coordination office for NCO education at ARPERCEN to ensure the right soldier receives the right training at the right time.

Army Reserve Aviation in FY 86 and Beyond

Aviation school quota and Flying Hour Program increases in FY 86 will allow Army Reserve aviators to become a younger, more modern, and better trained part of the Total Army. Fielding of four new attack helicopter battalions will make the Army Reserve a greater contributor to the Total Force than ever. The FY 86 Flying Hour Program is programmed to increase by 10,100 hours: 3,700 for troop program units and 6,400 for the IRR. These increased IRR hours, and the publication of a comprehensive IRR aviation training program, will permit the training of a cadre of qualified pilots prior to the fielding of the new programmed battalions in FY 87. Programmed increases will add 23 units, nearly 200 aircraft, and more than 1,800 personnel (including 480 AGR personnel) to the Army Reserve aviation structure.

Currently programmed funding will not adequately support this Reserve aviation expansion. However, future budget requests will reflect the impact of these activations and the resulting increase in flying hours and training requirements.

Additional Drill Assemblies (ADA) Program in FY 86 and Beyond

Some growth is anticipated in our ADA requirements in FY 86 and in the years to come. The increases will be caused mainly by the programmed expansion of Army Reserve aviation units and the additional flight requirements inherent in that expanded structure. Increases have been programmed in additional flight assemblies at about 12.5 percent a year beginning in FY 87. However, the pending adoption of an intensified aviation program may necessitate revision of these requirements.

Training Simulators in FY 86 and Beyond

A platoon set of Multiple Integrated Laser Engagement System (MILES) equipment is programmed for each Army Reserve battalion for training at home station in FY 86. Tank Gunnery Missile Tracking System equipment is also programmed for each Army Reserve tank battalion. Nuclear, biological and chemical warfare devices for each Army Reserve manuever battalion and M1 maintenance training devices have also been programmed to equip the first six RC regional maintenance training sites during FY 86.

Plans are being prepared to procure additional MILES devices for Reserve home station training. The purchase of additional training devices for the RC regional maintenance training sites is also being programmed. Procurement of additional stocks of training devices currently in short supply will continue.

Prior Service Training (PST) Program in FY 86 and Beyond

Resources of $26.3 million have been programmed to support the required skill training of prior service personnel joining Army Reserve units in FY 86. This program is expected to increase unit personnel readiness and reduce unit retraining requirements. Without this program the Reserve will continue to experience MOS mismatches among its prior service accessions.

Army Medical/Dental Training for Reservists in FY 86 and Beyond

The FY 86 Army Reserve the medical program will continue previous flexible training options to increase Reserve medical strength while maintaining and upgrading the quality of the force. Although the number of officers participating in mobilization training has increased, continued support is critical to meet mobilization requirements. Retention and skill enhancement through quality training is the program focus. In FY 86, increased use of these flexible training programs as MEDDET and NURSEDET should improve retention rates.

Plans for nurses' training in FY 86 include expansion of the Operating Room Nurse Program in size as well as targeted population. The US Army Recruiting Command is slated to offer attendance at the Reserve Component Operating Room Nurse Course as an option for qualified nurses who join the Army Reserve.

In FY 87 and beyond, positive efforts in flexible medical officer training should reverse historical attrition rates and result in better retention of critically needed medical personnel. Plans for expansion of the NURSEDET program include the addition of other nursing specialties and expansion beyond Army Reserve units into the IRR. As resident and nonresident courses become available for initial and advanced training of medical personnel, the number of trained medical Reserve personnel should increase. With the increased emphasis on sustaining medical skills, the Army Reserve should have the qualified medics in units and in the IRR required for mobilization.

The Health Services Branch of ARPERCEN's Enlisted Personnel Management Directorate conducts training for IRR members under the Continuing Health Education Program. This training is provided for professional development, to update skills, and to ensure quality standards of professional performance. The training also includes attendance at lectures, scientific meetings, seminars, workshops, clinical traineeships, mini-residencies, and courses given by the health services societies.

In FY 86 programmed enlisted medical training will be expanded in selected Reserve Component medical units throughout the country. It is also anticipated that progress will be made in preparing additional courses for use by the Reserve Components. Finally, management of enlisted medics in the IRR will be intensified.

Army Reserve Special Training Funds in FY 86 and Beyond

Special training is programed at company, battery, and troop level in FY 86.

The FY 86 budget request supports participation down to unit level in planning, coordination, and staff participation for overseas deployment training. The FY 86 budget requests funding to support the total requirements for all exercises and Army training evaluation programs scheduled by maneuver area and maneuver training commands, and for Reserve Components overseas deployment training in Korea.

Operational training requirements represent one-half of the Special Training Program and provide man-days to support the following missions:

- Planning for Army Reserve schools and preparation and updating of courses of instruction.
- Training in foreign language skills for intelligence personnel.
- Developing unit mobilization plans and deployment training requirements.

Support of these training missions by special training funds will allow units to improve the quantity and quality of unit wartime mission training.

Special training funds allow commanders the greatest degree of flexibility to influence correction of war-fighting, mobilization, skill level, and military occupational skill mismatch problems.

Upgrading Nonresident Instruction in FY 86 and Beyond

The present inventory of Army correspondence subcourses will be reviewed by the Army Training Support Center to identify undersubscribed, unneeded, and obsolete material. These findings will be referred to the proponent schools for action.

In order for the schools to develop standardized course materials for resident and nonresident training throughout the Total Army, funds must be made available for Reserve correspondence course development. If funds are not approved, the correspondence course program so crucial to the professional development of the Reserve Components of the Total Army may become seriously outdated. Adequate support of the correspondence course revision effort now will bear fruit for years in the future.

Resident Course Reserve Training in FY 86 and Beyond

During FY 86 a centralized system is expected to be developed for projecting training requirements for officers, warrant officers and enlisted personnel of troop program units and the IRR. This centralized procedure will accrue financial savings throughout the Army Reserve.

The full length officer advanced course (OAC) will be 20 weeks in length, with up to six weeks' additional assignment oriented training. The focus of the revised OAC will be hands-on, performance oriented tasks. A minimum of two two-week resident phases will be required for Reserve Component officers enrolled in either the Army Reserve school or the correspondence course version of the officer advanced courses. A third two-week phase may be conducted at the option of the branch school.

Equipping, Modernizing, and Sustaining in the Future

The Army Reserve continues to modernize its equipment in order to be an effective element in the Total Army. The FY 86 program allows for an aggressive program of maintaining old equipment, training Reservists to maintain as well as operate their equipment, and acquiring stocks of new combat and combat support items. Modernization projections albeit modest, are absolutely essential.

Equipment in FY 86 and Beyond

Equipment shortages are a long standing problem in the Army Reserve as well as in the Active Component. However, we expect to see continued improvements during FY 86.

ARMY RESERVE EQUIPMENT DISTRIBUTION

ITEM	FY 85	FY 86	FY 87
M60A3			138
HMMWV	131	176	443
Truck 5 Ton	703	98	378
Black Hawk		9	18

Receipt of M60A3s in FY 87 will fill 84% of Army Reserve peactime tank authorizations with late model current generation tanks. High mobility multipurpose wheeled vehicle (HMMWV) receipts through FY 86 will fill shortages in selected high priority, early deploying units; 5-ton trucks will be issued to a substantial portion of late deploying Army Reserve units; and Black Hawk deliveries will also be provided in limited quantities for aviation training.

In FY 87 and beyond, the Army Reserve will carry out a program of equipment issue supported by Congressionally directed dedicated procurement funds. Minimum essential equipment for training (MEET) for late deploying units will be provided and significant quantities of selected critical items will be issued to deploying units. As the force grows and equipment ages, a commitment to equipping is absolutely essential. Equipment valued at over $2 billion is expected to be issued to the Army Reserve prior to FY 90.

The MEET program will be operational for the Total Army in FY 86. The program is designed to take advantage of our automated systems for inventory, distribution, and requirements computation. This program will ensure that we have the equipment needed to train our units in their wartime missions.

Equipment Concentration Sites (ECS) in FY 86 and Beyond

The Army Reserve will continue to program expansion of its equipment concentration sites (ECSs). These sites are vital to Army Reserve mobilization efforts, and by increasing the efficiency of Reserve equipment maintenance, storage and handling, they contribute significantly to the overall readiness of the Total Army. There are seven ECSs under design with construction projected for FY 87-90. These new ECSs will prevent equipment deterioration and help cut overall equipment maintenance and warehousing costs.

Helicopters in FY 86 and Beyond

As a result of programmed force structure changes and other increases, the Army Reserve will add 15 aviation battalions as well as other aviation elements beginning in FY 86. These aviation units will be equipped with several varieties of helicopter new to the Army Reserve such as AH1Ss (Cobras) and CH47C/Ds (Chinooks). Army Reserve aviation units will also receive additional UH60s (Black Hawks) and UH1As (Hueys). As a result of these additional 224 helicopters, we anticipate an expanding requirement for additional helicopters for use as maintenance floats within our aviation intermediate maintenance (AVIM) units. Such equipment is essential if we are to ensure the effectiveness of our aviation maintenance support to the Total Army. We also see a clear need for Army Reserve aviators to train with the aircraft survivability equipment they will be using upon mobilization.

The improvement of the Army Reserve rotary wing fleet depends on procurement of new aircraft and associated maintenance and training equipment or the transfer of this equipment from the Active Component. The success of aircrew and maintenance training depends on the issue of the latest aircraft and necessary support equipment to Army Reserve units. Without this equipment available for training, Army Reserve units will not be able to accomplish their wartime mission.

Fixed Wing Aircraft in FY 86 and Beyond

Although repair parts will become increasingly difficult to obtain as our fixed wing aircraft fleet ages, the Army Reserve will continue to maintain and upgrade it with depot maintenance funds. Upgrading has reduced the problems in some areas temporarily; the fixed wing fleet is safer and more efficient, and its service life has been extended, even though the entire fleet remains very old.

The goal of modernizing the Army Reserve fixed wing aviation fleet depends totally on the procurement of new aircraft. Greater and faster issue of new aircraft directly to the Army Reserve, or to the Active Component with the displaced aircraft transferred to the Army Reserve, can accomplish this goal. More modern aircraft are the only way to solve completely Army Reserve aviation's safety, maintenance, and logistics problems.

Clothing the Reservist in FY 86 and Beyond

In FY 86 our program calls for replacing one set of the temperate battle dress uniform (BDU) with the hot weather BDU. Issue of the Kevlar helmet will continue, and issue of the new armored vest is also programmed to begin in FY 86. Initial issue of the Kevlar helmet and armored vest is programmed to continue through FY 88.

Issue of the battle dress overgarment will continue with approximately 133,000 sets programed for the Army Reserve in FY 86. This will complete issues to units mobilizing through D+60. Funding requirements for the chemical protective clothing program have been programmed through FY 90.

Force Structure and Management Development in FY 86 and Beyond

Current programs call for an increase of the Army Reserve force structure allowance from 279,400 in FY 85 to 283,300 in FY 86. This will allow the activation of 72 units and reorganization of 169 units in the FY 86 Troop Action Guidance. Should enough FSA structure become available in FY 86, selected FY 87 activations and strength increases in Army Reserve command headquarters and Army Reserve schools will be moved forward one year.

The FY 87 force structure allowance (FSA) has been programmed to increase by approximately 9,400 spaces to a level of 292,700. An additional growth in FSA of 4,300 spaces has since been approved for FY 87. Programmed growth in the Army Reserve FSA for the years 1987-90 is depicted below.

Army Reserve
(000)

FY	Program Objective Memorandum FY 90	Total Army Analysis FY 91 Recommended Growth	Program Objective Memorandum FY 91
1987	288.4	4.3	292.7
1988	293.0	4.9	297.9
1989	298.3	5.8	304.1
1990	298.3	5.5	303.8

New Military Construction in FY 86 and Beyond

The FY 86 budget request for Military Construction, Army Reserve will permit construction of five new replacement centers, one equipment concentration site, one specialized training facility for intelligence personnel, and the modernization and expansion of 12 other centers. The Army Reserve has a significant backlog of construction requirements that need to be addressed in the coming years. Many of our existing facilities are quite old, inefficient, and far too small to accommodate the current full time work force, or to store equipment needed for training. Additional construction will also be needed to facilitate the storage and maintenance of new equipment being issued to the Army Reserve. A base support plan is being developed which will assess the availability of existing DoD storage facilities and identify the problems that must be remedied with new construction or the lease of publicly owned facilities. As these requirements are identified, they will be integrated into the Army Reserve Construction and Leasing Program. Additional funding maybe sought to support this construction.

Mobilization and Training in FY 86 and Beyond

Increased funding levels for mobilization/readiness training in FY 86 will continue to improve the quality of IRR personnel, and will improve the match between personnel qualifications and mobilization requirements. Increased funding and training opportunities enhance retention by generating enthusiasm and increasing the motivation of reservists.

Army Reserve participation in command post mobilization exercises will continue. Funds have been requested to also enable entire selected Reserve units to conduct mobilization field exercises. The exercises will involve alert, assembly, processing, uploading, and movement of Army Reserve units from home station to their mobilization stations, and will provide for realistic evaluation of actual mobilization readiness. These field mobilization exercises are programmed to begin in FY 87 and will expand in scope over time to include most deploying units in the Army Reserve.

Deployment Exercises in FY 86 and Beyond

Army Reserve participation in overseas deployment training is projected to exceed 700 units/cells and involve some 9,400 personnel in FY 86. Increased Army Reserve CAPSTONE alignments will also produce increased Army Reserve participation in joint exercises such as "REFORGER" and "TEAM SPIRIT." Expansion of overseas deployment training in Europe and the Pacific will require more personnel and administrative support.

Army Reserve participation in overseas deployment training is programmed to expand further in the Pacific Basin and in SOUTHCOM, and in Third World countries. The use of multiple deployment means by land, sea and air to move Army forces will be exercised. Refinement of joint simulation and doctrinal issues require further work by the Army and other services. Army Reserve participation in this program is projected to grow by about 10 percent each year.

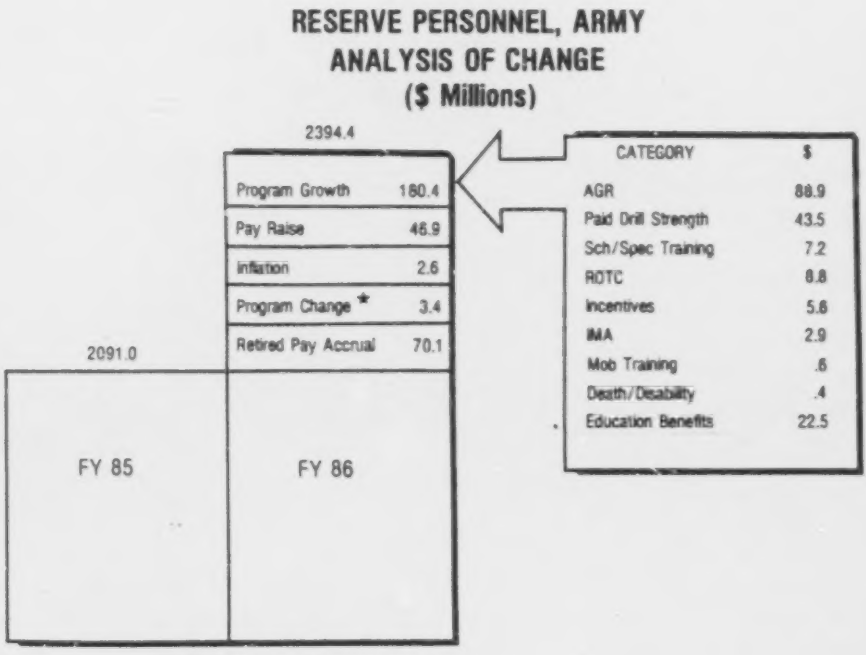
SECTION IV
CONCLUSION

Today, our country faces challenges that run the gamut from terrorism and low intensity guerrilla conflicts to potential strategic confrontations of East and West. The men and women of the Army Reserve are important elements of our national military strategy of deterrence. They are part of the Total Army - Landpower capable of responding to any challenge. As Secretary Marsh and General Wickham point out in their FY 86 Posture Statement, our ability to provide Landpower "...gives the President additional options to execute the Nation's foreign policy. Landpower can help avoid nuclear confrontation, respond to conflicts across the entire spectrum of violence, and deter conflict by convincing potential enemies that cheap advantage will not be obtained by conventional adventures." The more than 550 thousand men and women of the Army Reserve are ever conscious of their mission, their obligations and their responsibilities. Army Reservists are proud of their contributions to maintaining the peace and remain dedicated to providing strength in reserve for the Total Army," an Army of Excellence: Ready Today, Preparing for Tomorrow."

ANNEX A
BUDGET OVERVIEW

RESERVE PERSONNEL, ARMY

The total Reserve Personnel, Army (RPA) budget request for FY 1986 is for $2.4 billion. The increase of $303 million over FY 1985 consists of program growth, pay raise, retired pay accrual, and inflation. Actual direct program growth for FY 1986 is about $180 million, or about 7.5 percent of the total FY 1986 appropriation request.



★ Issue of New Female JROTC Uniform.

The FY 1986 budget request directly supports the training and administration of members of the Army's Ready Reserve as well as the Reserve Officers' Training Corps (ROTC) Program, the Health Professions Scholarship Program, the Chaplain Candidate Program, and attendance at basic officers' branch courses.

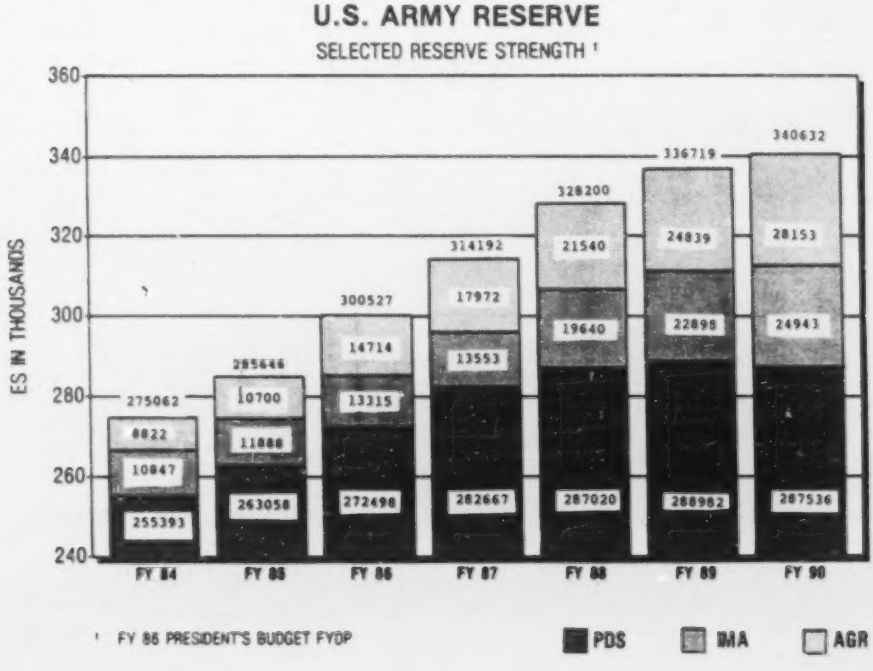
RESERVE PERSONNEL, ARMY

($ IN MILLIONS)

	FY 84	FY 85	FY 86
TROOP PROGRAM UNIT, PAY GROUP A	638.1	980.0	1,037.1
INIT ACTIVE DUTY TNG (IADT), PAY GROUP F	125.3	201.0	240.6
MEMB AWAITING IADT, PAY GROUP P	2.1	2.8	3.4
INDIV MOB AUGMENTEES, PAY GROUP D	14.6	32.4	37.0
SCHOOL TRAINING	53.2	114.7	127.8
SPECIAL TRAINING	65.6	108.7	110.8
MOB TRAINING	57.4	109.6	113.0
ADMIN/SUPPORT	276.6	430.0	576.8
AGR	(253.4)	(391.3)	(532.0)
INCENTIVES	(19.1)	(33.5)	(39.2)
DEATH/DISABILITY	(4.1)	(5.2)	(5.8)
EDUCATION BENEFITS	0	3.3	25.7
ROTC/HPSP	89.1	108.5	122.4
TOTAL	**1,322.0**	**2,091.0**	**2,394.4**
RETIRED PAY ACCRUAL INCLUDED	(0)	(531.7)	(601.9)

Paid Drill Strength

The number of Army Reservists assigned to troop program units (paid drill strength) continues to improve. At the end of FY 1978, Army Reserve paid drill strength stood at a discouraging low of 186,000. Since that time, however, due in good measure to the foresight and support of the Congress in the form of increased Reserve end strength authorizations and a wide variety of funded strength incentives such as bonuses and educational assistance, paid drill strength has steadily grown to 255,000 as of 30 September 1984. By the end of FY 1985, paid drill end strength is programmed to reach 263,000. The FY 1986 budget requests a paid drill end strength of 272,498, a goal still approximately 1,000 personnel short of the peacetime requirement, and nearly 20,000 short of the wartime required strength. Personnel strength has improved significantly in recent years and continues to improve. Support for further improvement is required.



Individual Ready Reserve (IRR)

The IRR, the Army's source of wartime individual replacement and filler personnel for both Active and Reserve Component units, and cadre for units formed after mobilization continues to grow in numbers. From its post-Vietnam low of about 149,000 in FY 1977, the IRR's strength posture has improved steadily. As of 30 September 1984, the enlisted strength of the IRR stood at about 235,000. A substantial improvement in these figures is expected as a result of the recent authority to extend the minimum service obligation from six to eight years.

Moreover, the FY 1986 budget request provides for an expansion of the IRR reenlistment bonus program from the FY 1985 level of 10,000 to 12,000 initial bonuses to further enhance growth in IRR membership. The FY 1986 budget request will increase mobilization skill training for nonunit Reservists by about one percent over FY 85.

Strength Incentive Programs

The FY 1986 budget request provides a total of $39.2 million for various Army Ready Reserve incentive programs. This figure is a 17 percent increase over the FY 1985 budget and will build Army Ready Reserve strength closer to the wartime required level. The FY 1986 program increases Selected Reserve strength incentives by about 8.5 percent, and more than doubles the IRR's strength incentives. Both of these bonus programs are tied to increasingly demanding qualitative standards and to specific military skills and specialties required within the Total Army's mobilization structure.

Army Reserve recruiting and retention efforts in the recent past have been quite successful. However, faced with a steadily declining number of service-eligible eighteen-year-olds, the Army Reserve must do all it can to make its enlistment and reenlistment incentives as attractive as possible. Carefully targeted incentive programs are vitally necessary if the Army Reserve is to continue the improvement that has characterized recent strength maintenance efforts.

Full Time Unit Support and the Active Guard/Reserve (AGR) Program

The FY 86 budget request contains a significant increase in the number of AGR personnel providing full time support to troop units. AGR full time manning personnel will increase by 3,420 (50.7%), bringing the total number of full time personnel supporting units of the Army Reserve to nearly 19,000, an increase of about 23 percent.

The AGR program is designed to improve the mobilization readiness of the Total Army by providing experienced Reserve personnel on duty in a full time military status to advise,

administer, train, and manage Army Reserve personnel and units. The program includes several categories of Reserve personnel rendering full time support to various elements of the Army Reserve to enhance the Reserve's ability to perform its wartime missions.

AGR personnel assigned to troop program units serve in administrative, maintenance, logistical, and training areas--all intended to assist drilling Reservists in meeting their mobilization requirements. The addition of full time personnel represents a commitment to improved readiness by the Army leadership. The AGR end strength requested in the FY 1986 budget submission is 14,714.

Reserve Officers' Training Corps (ROTC)

The FY 1986 ROTC budget request is $108.4 million, a 15.9 percent increase over FY 1985. During FY 1986, 8,300 officers are programmed to be commissioned through ROTC. This is a significant step toward our FY 1989 goal of 12,500 commissioned graduates. Officers commissioned through ROTC, the largest single source of USAR officer accessions, will serve in all components of the Total Army. In FY 86 the numbers of Junior ROTC cadets in high schools in the United States and abroad will increase by 9,100 and the number of high schools offering the Junior ROTC program will increase to 897. The Army leadership is pleased with the upswing of interest in and commitment to the ROTC program seen in the past few years and is doing all it can to take full advantage of this improving climate of public response.

Health Professions Scholarship Program

The Health Professions Scholarship Program, produces officers for the military health disciplines. Candidates accepted by an accredited institution for professional training are selected by the Office of The Surgeon General for these scholarships. Each participant is required to accept a commission as a second lieutenant in the Army Reserve, complete 45 days' active duty training each year, and upon graduation, serve at least three years on active duty. The FY 1986 budget provides a monthly stipend of $602 as well as full pay and allowances for 45 days of active duty for each of the program's 1,242 participants. The total amount requested in FY 1986 is $14 million. This program is an essential element in the ultimate resolution of the serious physician shortfall faced by the Army.

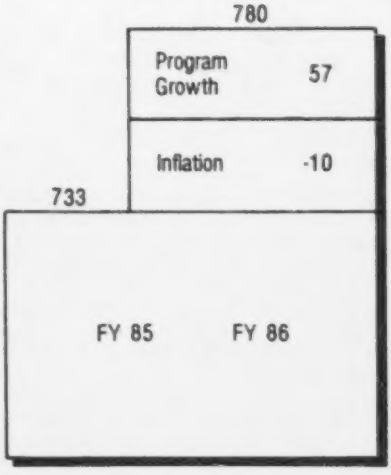
OPERATION AND MAINTENANCE, ARMY RESERVE

The Operation and Maintenance, Army Reserve (OMAR) budget request for FY 1986 is for $779.6 million, an increase of $46.9 million over FY 1985. The FY 1986 estimate includes price deflation of $10.0 million, so that the net effect is an increase of $56.9 million in the OMAR program.

OPERATION AND MAINTENANCE, ARMY RESERVE

ANALYSIS OF CHANGE

($ IN MILLIONS)



INCREASES	$
CAMIS	13.5
Paid Drill Strength Increase	10.9
Recruiting	10.8
Real Property Maintenance	10.0
Base Operations	8.1
Full Time Unit Support	7.2
Readiness	3.6
Other	10.0
DECREASES	
Transfer to OMA (Ft. Drum), OPA and NGB	-17.2

The FY 1986 OMAR budget provides funding for Army Reserve unit training ($434 million), depot level maintenance ($10 million), communications support ($19 million), base operations ($206 million), recruiting ($53 million), and other management activities ($58 million).

OPERATION AND MAINTENANCE
ARMY RESERVE
($ IN MILLIONS)

	FY 84	FY 85	FY 86
TRAINING AND ORGANIZATION OF MISSION FORCES	394	407	434
DEPOT MAINTENANCE	8	9	10
BASE COMMUNICATIONS	17	18	19
BASE OPERATIONS	197	203	206
RECRUITING AND ADVERTISING	35	43	53
MANAGEMENT SUPPORT	41	53	58
TOTAL	692	733	780

Supplies and Equipment

Supplies and equipment are essential ingredients of mobilization readiness of Reserve forces. As a result of Congressional actions over the past three years, almost all high priority, early deploying Reserve units are now more fully provided with their authorized supplies and equipment. Priority units are currently being filled with their minimum essential equipment for training. Continued emphasis and growth is necessary to fully stock all mobilizing and deploying USAR units with such items as cold weather clothing and equipment, chemical defensive equipment, and other go-to-war stocks required by their missions.

ANNEX B

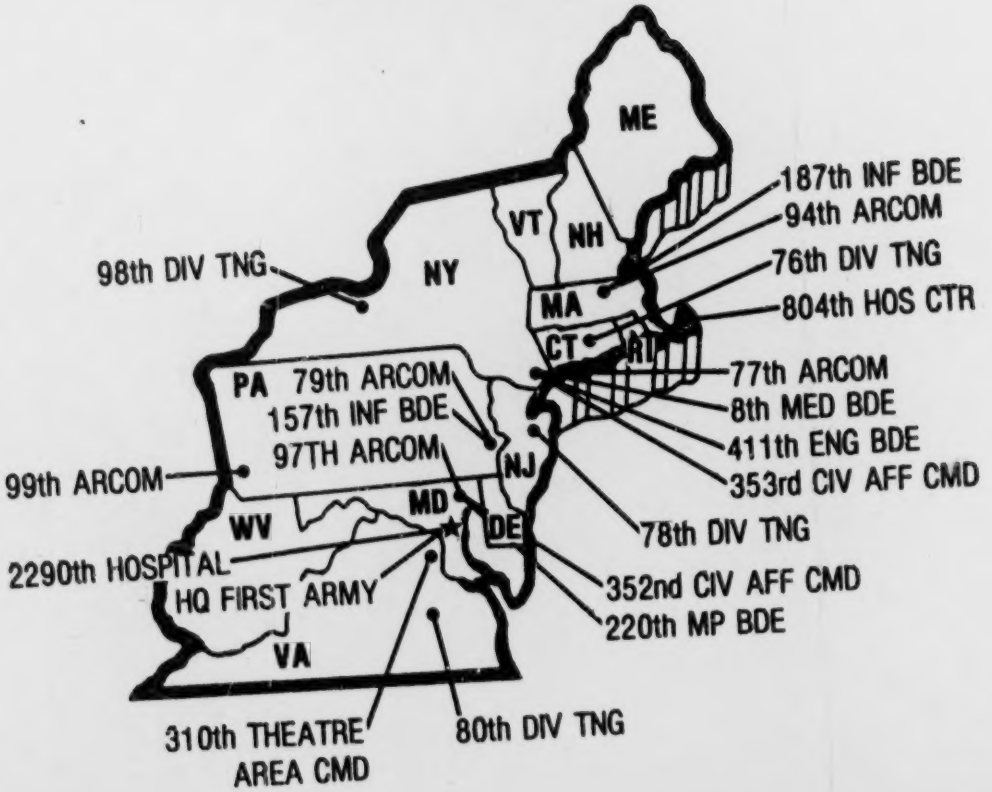
GENERAL OFFICER COMMANDS OF THE US ARMY RESERVE

FIRST ARMY

Connecticut	76th Division (Training) 700 South Quaker Lane West Hartford, CT 06110-1292	Commander Major General John Ricottilli, Jr. Assistant Division Commander Colonel John J. Capalbo
Maryland	97th Army Reserve Command De Kalb USAR Center Fort Meade, MD 20755	Commander Major General Roger R. Blunt Deputy Commander Brigadier General Joseph G. Gray
Maryland	220th Military Police Brigade 510 Snouffers School Road Gaithersburg, MD 20879-1595	Commander Colonel Raymond E. Bell. Jr.
Maryland	352nd Civil Affairs Command 6601 Baltimore Avenue Riverdale, MD 20737-1025	Commander Brigadier General Dennis A. Wilkie
Maryland	2290th Army Hospital 1850 Baltimore Road Rockville, MD 20851-1298	Commander Brigadier General Randall W. Bell
Massachusetts	94th Army Reserve Command Building 1607 Hanscom Air Force Base, MA 01731-5290	Commander Major General Herbert J. Riley Deputy Commander Brigadier General John J. Diggins
Massachusetts	187th Infantry Brigade (Separate) Burke USAR Center Fort Devens, MA 01433-5741	Commander Colonel Thomas C. Stones
Massachusetts	804th Hospital Center Hanscom Field Bedford, MA 01731-5291	Commander Brigadier General George J. Busch
New Jersey	78th Division (Training) Kilmer USAR Center Edison, NJ 08817-2487	Commander Major General William P. Sylvester, Jr. Assistant Division Commander Brigadier General Frederick W. Roeder Assistant Division Commander Colonel Eugene J. Yonno

New York	8th Medical Brigade Building 408, Fort Hamilton Brooklyn, NY 11252-7200	Commander Brigadier General Paul Skok
New York	77th Army Reserve Command Ernie Pyle USAR Center Fort Totten, NY 11359	Commander Brigadier General George E. Barker Deputy Commander Colonel Francis T. Donohue
New York	98th Division (Training) 2035 North Goodman Rochester, NY 14609-1098	Commander Major General Norbert J. Rappl Assistant Division Commander Brigadier General Dean L. Linscott Assistant Division Commander Colonel Barclay O. Wellman
New York	353rd Civil Affairs Command 2181 Loring Place North Bronx, NY 10453-1399	Commander (Acting) Colonel Michael A. Boyd
New York	411th Engineer Brigade Floyd Bennett Naval Air Station Brooklyn, NY 11234-7097	Commander Brigadier General Roger L. Kresge
Pennsylvania	79th Army Reserve Command Wurts USAR Center Willow Grove, PA 19090-5110	Commander Major General Richard E. Leithiser Deputy Commander Brigadier General Joseph M. Cannon
Pennsylvania	99th Army Reserve Command Oakdale USAR Center Oakdale, PA 15071-5001	Commander Brigadier General George V. Bauer Deputy Commander Colonel James B. Baylor
Pennsylvania	157th Infantry Brigade (Separate) 936 Easton Road Horsham, PA 19044-3399	Commander Brigadier General John L. Kotcho
Virginia	80th Division (Training) 6700 Strathmore Road Richmond, VA 23237-1198	Commander Major General John P. Henderson, Jr. Assistant Division Commander Brigadier General Richard E. Collier Assistant Division Commander Colonel Stephen H. Sewell, Jr.
Virginia	310th Theater Army Area Command Mosby USAR Center Fort Belvoir, VA 22060-5496	Commander Major General James R. Montgomery Deputy Commander Brigadier General Edwin Cox

MAJOR US ARMY COMMANDS
FIRST US ARMY

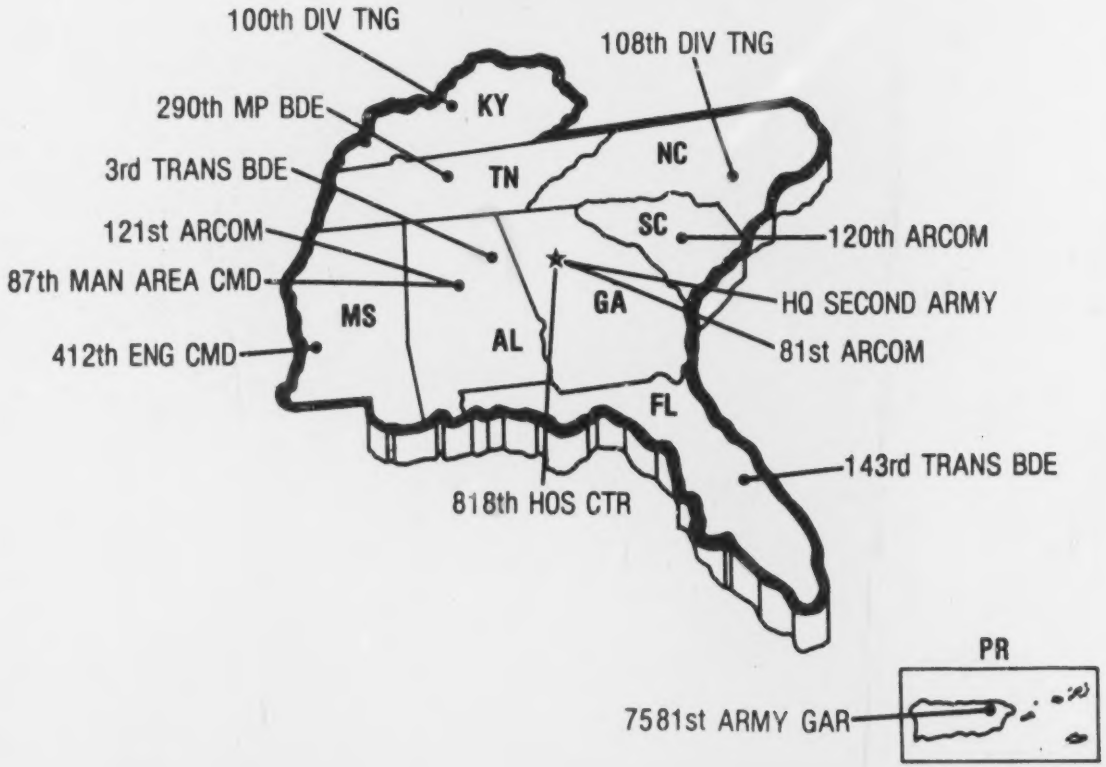


SECOND ARMY

Alabama	3rd Transportation Brigade 3415 McClellan Boulevard Anniston, AL 32601-2198	Commander Colonel Richard F. Allen
Alabama	87th Maneuver Area Command 3851 Veona Daniels Road Birmingham, AL 35244-1295	Commander Major General Will Hill Tankersley Commander, Support Exercises Brigadier General Everett H. Holle Commander, Combat Exercises Brigadier General Alfred W. Porter, Jr.
Alabama	121st Army Reserve Command 3620 Eighth Avenue South Birmingham, AL 35222-3272	Commander Major General Robert O. Bugg Deputy Commander Brigadier General Charlton B. McArthur
Florida	143rd Transportation Brigade 2800 Dowden Road Orlando, FL 32812-5299	Commander Brigadier General James T. Craig
Georgia	81st Army Reserve Command 2323 Dauphine Street East Point, GA 30344-2503	Commander Major General Robert Q. Jones Deputy Commander Brigadier General Wilson T. Dreger III
Georgia	818th Hospital Center Building 909, Fort Gillem Forest Park, GA 30050-5000	Commander Colonel Stephen C. Boone
Kentucky	100th Division (Training) 3590 Century Division Way Louisville, KY 40205-5000	Commander Major General Roy C. Gray, Jr. Assistant Division Commander Brigadier General Merwyn L. Jackson Assistant Division Commander Colonel Denny O. Harris
Mississippi	412th Engineer Brigade Post Office Box 55 Vicksburg, MS 39180-0055	Commander Major General Robert E. Louque, Jr. Deputy Commander Brigadier General Michael A. Schulz, Jr.
North Carolina	108th Division (Training) 1412 Westover Street Charlotte, NC 28205-5124	Commander Major General Charles J. Whisnant Assistant Division Commander Brigadier General William A. Gantt, Jr. Assistant Division Commander Colonel Ronald E. Sneed

Puerto Rico	758lst Army Garrison Fort Buchanan San Juan, PR 00934-7000	Commander Brigadier General Felix A. Santoni
South Carolina	120th Army Reserve Command Fort Jackson, SC 29207-6070	Commander Major General Berlyn K. Sutton Deputy Commander Brigadier General Jackson L. Flake, Jr.
Tennessee	290th Military Police Brigade (ROW) 5900 Charlotte Avenue Nashville, TN 37209-3104	Commander Brigadier General Leonard A. Walker, Jr.

MAJOR US ARMY COMMANDS
SECOND US ARMY



FOURTH ARMY

Illinois	30th Hospital Center Building 82 Fort Sheridan, IL 60037-7312	Commander Colonel Paul W. Gerster
Illinois	85th Division (Training) 1515 West Central Road Arlington Heights, IL 60005-2475	Commander Major General Angelo D. Juarez Assistant Division Commander Colonel George M. Wojwod Assistant Division Commander Colonel Robert J. Bopp
Illinois	86th Army Reserve Command 7402 West Roosevelt Road Forest Park, IL 60130-2587	Commander Brigadier General Dennis R. Jones Deputy Commander Brigadier General Richard E. Stearney
Illinois	416th Engineer Brigade 4454 West Cermak Road Chicago, IL 60623-2991	Commander Major General Max Baratz Deputy Commander Brigadier General Mark W. Tenney
Illinois	425th Transportation Brigade Building 900 Fort Sheridan, IL 60037-7323	Commander (Acting) Colonel Aaron J. Wolff, Jr.
Indiana	21st Support Command (CONUS Augmentation) 2625 Kessler Boulevard Indianapolis, IN 46222-2216	Commander Colonel Richard D. Chegar
Indiana	123rd Army Reserve Command Building 126 Fort Benjamin Harrison, IN 46216-6400	Commander Major General Donald A. Pearson Deputy Commander Brigadier General Murray E. Cantrall
Iowa	103rd Corps Support Command 225 East Army Post Road Des Moines, IA 50315-5899	Commander Major General Ralph W. Coan, Jr. Deputy Commander Colonel Norris P. Abts
Michigan	70th Division (Training) 34451 Schoolcraft Road Livonia, MI 48150-1399	Commander Major General James L. Pelton Assistant Division Commander Brigadier General Marvin G. Back Assistant Division Commander Colonel Stanley A. Huseland

Michigan	300th Military Police Command (POW) 3200 South Beech-Daly Road Inkster, MI 48141-2648	Commander Brigadier General William H. Reiff
Minnesota	88th Army Reserve Command Building 506 Fort Snelling, MN 55111-4066	Commander Brigadier General Roger W. Sandler Deputy Commander Colonel Paul G. Rehkamp
Minnesota	205th Infantry Brigade (Separate) Building 506 Fort Snelling, MN 55111-4089	Commander Brigadier General Willard L. Wallace
Minnesota	5501st Army Hospital Building 505 Fort Snelling, MN 55111-4081	Commander Brigadier General John A. Arkins
Ohio	83rd Army Reserve Command Post Office Box 16515 Columbus, OH 43216-5004	Commander Major General Norman W. Martell
Ohio	2291st Army Hospital 721 Country Club Road Columbus, OH 43213-2485	Commander Brigadier General Stuart E. Harlowe
Wisconsin	84th Division (Training) 4828 West Silver Spring Drive Milwaukee, WI 53218-3498	Commander Major General Robert M. Erffmeyer Assistant Division Commander Brigadier General Vance Coleman Assistant Division Commander Colonel Donald J. Kleist

MAJOR US ARMY COMMANDS
FOURTH US ARMY

FIFTH ARMY

Arkansas	122nd Army Reserve Command 8001 Camp Robinson Road North Little Rock, AR 72118-2206	Commander Major General John E. Gecks Deputy Commander Brigadier General Robert C. Hope
Kansas	89th Army Reserve Command 3130 George Washington Boulevard Wichita, KS 67210-1598	Commander Major General Jack Strukel, Jr. Deputy Commander Brigadier General James E. Haught
Louisiana	377th Theater Army Area Command 5010 Leroy Johnson Drive New Orleans, LA 70146-3601	Commander Major General Anthony H. Conrad, Jr. Deputy Commander Brigadier General Walter R. Schellhase
Missouri	102nd Army Reserve Command 4301 Goodfellow Boulevard St. Louis, MO 63120-1794	Commander Major General Albert E. Gorsky Deputy Commander Colonel Robert P. Pennycuick
Oklahoma	95th Division (Training) Post Office Box 10095 Midwest City, OK 73140-1095	Commander Major General Harold J. Wages Assistant Division Commander Colonel Harvey G. Gulley Assistant Division Commander Colonel James L. Smith
Texas	75th Maneuver Area Command 1850 Old Spanish Trail Houston, TX 77054	Commander Brigadier General Guilford J. Wilson, Jr. Commander, Support Exercises Brigadier General Dionel E. Aviles Commander, Combat Exercises Brigadier General Keith L. Hargrove
Texas	90th Army Reserve Command 1920 Harry Wurzbach Highway San Antonio, TX 78209-6097	Commander Major General Elvin J. Schofield
Texas	420th Engineer Brigade 511 Carson Street Bryan, TX 77801-1398	Commander Brigadier General Alvin W. Jones
Texas	807th Medical Brigade 701 East Simonds Road Seagoville, TX 75159-3201	Commander Brigadier General Robert L. Wick, Jr.

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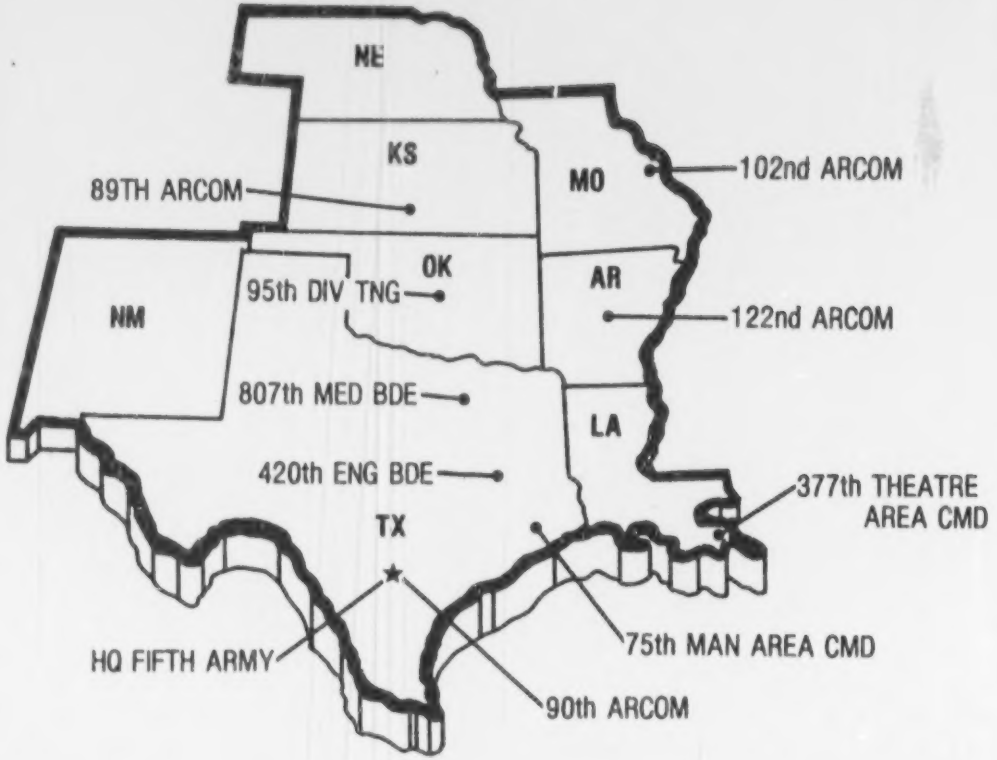
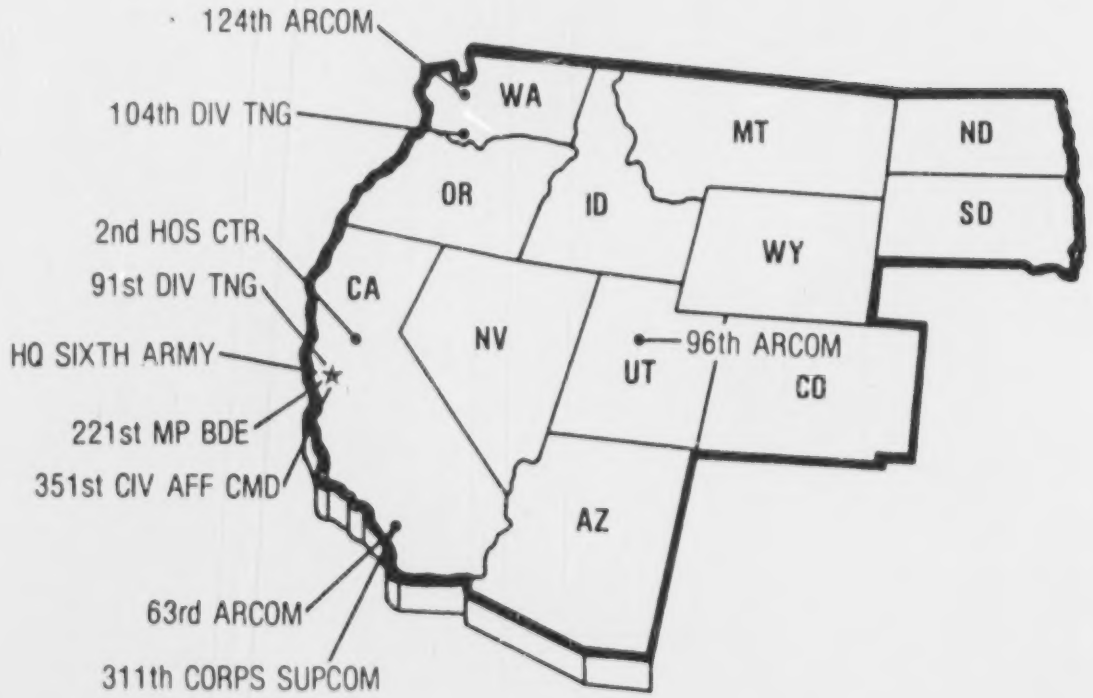
MAJOR US ARMY COMMANDS
FIFTH US ARMY



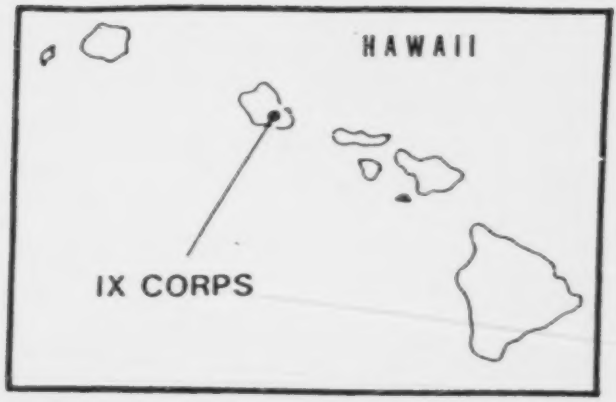
SIXTH ARMY

California	2nd Hospital Center Building 515 Hamilton Field, CA 94947-5094	Commander Brigadier General James R. Sims, Jr.
California	63rd Army Reserve Command Armed Forces Reserve Center Los Alamitos, CA 90720-5001	Commander Major General Daniel C. Helix Deputy Commander Brigadier General Ronald V. McDougall
California	91st Division (Training) Building 602, Fort Baker Sausalito, CA 94965-5099	Commander Major General Robert S. Holmes Assistant Division Commander Brigadier General George J. Vukasin Assistant Division Commander Colonel Angel E. Arzaga
California	221st Military Police Brigade 155 West Hedding Street San Jose, CA 95110-1786	Commander Brigadier General Douglas J. O'Connor
California	311th Corps Support Command 1250 Federal Avenue Los Angeles, CA 90025-3999	Commander Major General James E. Beal Deputy Commander Brigadier General Jerry J. Josten
California	351st Civil Affairs Command 1776 Old Middlefield Way Mountain View, CA 94043-1809	Commander Brigadier General Paul E. Vallely
Utah	96th Army Reserve Command Building 103 Fort Douglas, UT 84113-5007	Commander Major General Richard O. Christiansen Deputy Commander Colonel Donald M. Bagley
Washington	104th Division (Training) Building 987 Vancouver Barracks Vancouver, WA 98661-3896	Commander Brigadier General Rudolph E. Hammond Assistant Division Commander Colonel Daniel F. Hitchcock
Washington	124th Army Reserve Command Building 220 Fort Lawton, WA 98199-5000	Commander Major General Garnet R. Reynolds Deputy Commander Brigadier General Clyde R. Cherberg

MAJOR US ARMY COMMANDS
SIXTH US ARMY



MAJOR US ARMY RESERVE COMMANDS
WESTERN COMMAND (WESTCOM)



ANNEX C

GENERAL OFFICER INDIVIDUAL MOBILIZATION ASSIGNEES

Assistant Chief of Engineers for Mobilization, Reserve Affairs and Logistics Office, Chief of Engineers 20 Massachusetts Avenue Northwest (DAEN-ZA) Washington, DC 20314	Major General Jimmy P. Bates
Deputy Commanding General (Reserve Components) Fifth Army (AFRB-DCG) Port Sam Houston, TX 78234-7000	Major General Bill C. Branson
Deputy Commanding General (Reserve Components) Fourth Army (AFRB-DCG) Port Sheridan, IL 60037-7000	Major General Wilber J. Bunting
Deputy Commanding General Training and Doctrine Command CDR TRADOC (ATCS-DCG) Port Monroe, VA 23651	Major General Louis H. Ginn III
Deputy Surgeon General for Mobilization and Reserve Affairs Office, The Surgeon General HQDA (DASG-ZA) Washington, DC 20310	Major General James E. Harrell
Assistant Deputy Chief of Staff for Logistics for Mobilization and Training Office, Deputy Chief of Staff for Logistics HQDA (DALO-ZA) Washington, DC 20310	Major General Warren A. E. Magruder
Deputy Commanding General (Reserve Components) First Army (AFRA-DCG) Port George G. Meade, MD 20755-7000	Major General James C. McElroy
Deputy Assistant Chief of Staff for Information Management Office, Assistant Chief of Staff for Information Management HQDA (DAIM-ZA) Washington, DC 20310-0700	Major General Henry W. Meetze

Assistant Deputy Chief of Staff for Mobilization and Reserve Affairs Office, Deputy Chief of Staff for Personnel HQDA (DAPE-ZA) Washington, DC 20310	Major General Mack J. Morgan, Jr.
Assistant Deputy Chief of Staff for Mobilization and Reserve Affairs Office, Deputy Chief of Staff for Research, Development, & Acquisition HQDA (DAMI-ZA) Washington, DC 20310	Major General Theodore W. Paulson
Assistant Deputy Chief of Staff for Operations and Plans for Mobilization Office, Deputy Chief of Staff for Operations and Plans HQDA (DAMO-ZA) Washington, D. C. 20310	Major General Donald A. Pearson
Deputy Commanding General for Mobilization and Reserve Affairs Western Command (APRA-DCG) Fort Shafter, HI 96858	Major General Walter K. Tagawa
Assistant Deputy Commanding General for Reserve Affairs Forces Command (AFDC-DCG) Fort McPherson, GA 30330-6000	Major General William F. Ward
Deputy Director for Personnel Plans and Systems Office, Deputy Chief of Staff for Personnel HQDA (DAPE-PS) Washington, DC 20310	Brigadier General Paul L. Babiak
Deputy Assistant Chief of Staff for Intelligence Office, Assistant Chief of Staff for Intelligence HQDA (DAMI-ZA) Washington, DC 20310	Brigadier General John R. Davis
Assistant Chief of Chaplains Office, Chief of Chaplains HQDA (DACH-ZA) Washington, DC 20310-2400	Chaplain (Brigadier General) Israel Drazin

Assistant to Executive Director for Supply Operations Defense Logistics Agency Cameron Station (DLA-O) Alexandria, VA 22314	Brigadier General Andrew N. Farley
Chief Judge Army Legal Services Agency NASSIF Building (JALS-ZA) Falls Church, Virginia 22041	Brigadier General Daniel W. Fouts
Deputy Chief, Public Affairs Office, Chief, Public Affairs HQDA (SAPA) Washington, DC 20310	Brigadier General Lewis M. Helm
Deputy Commanding General for Mobilization Military Personnel Center 200 Stovall Street (DAPC-ZA) Alexandria, VA 22332	Brigadier General Jefferson S. Henderson II
Deputy Chief of Legislative Liaison Office of the Secretary of the Army HQDA (SALL-ZB) Washington, DC 20310	Brigadier General John W. Knapp
Deputy Director for Operations, Readiness and Mobilization Office, Deputy Chief of Staff for Operations and Plans HQDA (DAMO-CD) Washington, DC 20310	Brigaider General Richard H. MacMillan, Jr.
Deputy Assistant Surgeon General for Dental Services Office, The Surgeon General HQDA (DASG-DC) Washington, DC 20310	Brigadier General Robert M. Overbey
Deputy Director for Transportation, Engineering and Troop Support Office, Deputy Chief of Staff for Logistics HQDA (DALO-TSZ-A) Washington, DC 20310	Brigadier General Anthony S. Sarbanes
Assistant Deputy Chief of Staff for Readiness Army Material Command 5000 Eisenhower Avenue (AMCCS) Alexandria, VA 22333-0001	Brigadier General Robert P. Sy

Deputy Chief, Army Reserve Office, Chief Army Reserve HQDA (DAAR-ZB) Washington, DC 20310-2400	Brigadier General Elmus S. Ussery
Deputy Commander for Mobilization Military Traffic Management Command 5611 Columbia Pike Falls Church, VA 22041-5050	Brigadier General James E. Wagner
Assistant Judge Advocate General for Reserve Affairs The Judge Advocate General HQDA (DAJA-ZB) Washington, DC 20310	Colonel Robert H. Tips

THE ARMY RESERVE PERSONNEL CENTER (ARPERCEN)

St. Louis, Missouri

COL Ross G. Pickus, Commander

OFFICER PERSONNEL MANAGEMENT DIRECTORATE

Plans, coordinates, directs, and supervises the overall operations and functions required for a coordinated, individualized personnel management system for Army Reserve officers. Implements Department of the Army personnel management policies, plans and programs and develops career guidance and assignment policies and procedures for officers of the Army Reserve. Identifies and projects Army Reserve officer education and training needs and associated funding requirements and coordinates training with proponent agencies and sites to ensure proper management, training and preparedness of Army Reserve officers for mobilization. Manages, coordinates, and implements programs, policies, and initiatives to maintain and improve Reserve officer strength.

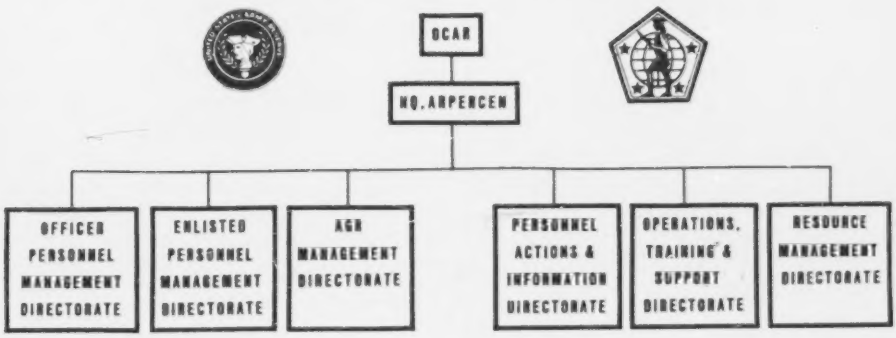
ENLISTED PERSONNEL MANAGEMENT DIRECTORATE

Implements Department of the Army personnel management policies, plans and programs. Manages, coordinates, and implements programs, policies, and initiatives to maintain and improve Army Reserve enlisted strength. Identifies and projects professional education and training needs. Coordinates training with appropriate agencies and sites to ensure proper management, training and preparedness of Army Reserve enlisted personnel for mobilization. Implements AR 611-201 for the Indiviudual Ready Reserve (IRR). Formulates, develops, and administers plans and programs for the recruiting and retention of IRR pretrained enlisted assets. Processes all requests for assignment and attachment of IRR enlisted personnel.

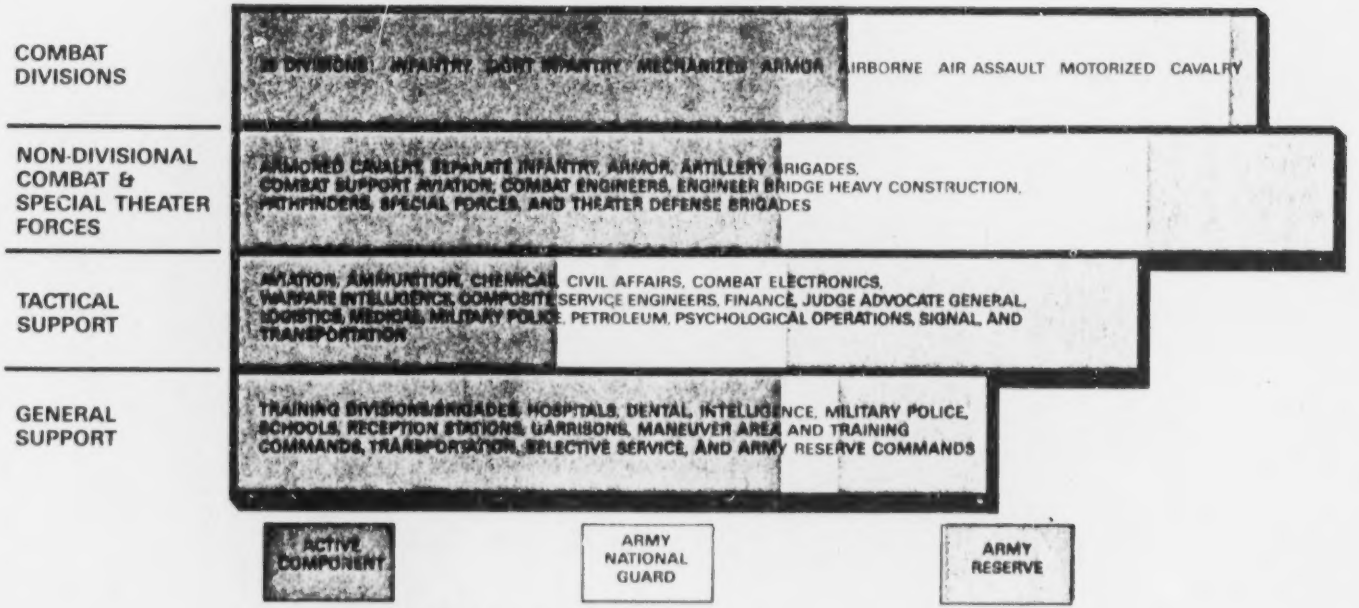
ACTIVE GUARD/RESERVE (AGR) MANAGEMENT DIRECTORATE

Provides centralized career management and administrative support for all Army Reserve AGR Program personnel on Active Duty in support of the Army Reserve. Develops and maintains statistical analyses of program strength requirements, personnel accessions, attrition and force profile. Supports Army Reserve AGR Selection/ Continuation Boards. Certifies active federal service for retired pay and publishes retirement orders for Army Reserve AGR officers completing required Active Federal Service while in Army Reserve AGR status.

US ARMY RESERVE PERSONNEL CENTER (ARPERCEN)



TOTAL ARMY


COMBAT DIVISIONS
18 DIVISIONS: INFANTRY, LIGHT INFANTRY, MECHANIZED, ARMOR, AIRBORNE, AIR ASSAULT, MOTORIZED, CAVALRY
NON-DIVISIONAL COMBAT & SPECIAL THEATER FORCES
ARMORED CAVALRY, SEPARATE INFANTRY, ARMOR, ARTILLERY BRIGADES, COMBAT SUPPORT AVIATION, COMBAT ENGINEERS, ENGINEER BRIDGE HEAVY CONSTRUCTION, PATHFINDERS, SPECIAL FORCES, AND THEATER DEFENSE BRIGADES
TACTICAL SUPPORT
AVIATION, AMMUNITION, CHEMICAL, CIVIL AFFAIRS, COMBAT ELECTRONICS, WARFARE INTELLIGENCE, COMPOSITE SERVICE ENGINEERS, FINANCE, JUDGE ADVOCATE GENERAL, LOGISTICS, MEDICAL, MILITARY POLICE, PETROLEUM, PSYCHOLOGICAL OPERATIONS, SIGNAL, AND TRANSPORTATION
GENERAL SUPPORT
TRAINING DIVISIONS/BRIGADES, HOSPITALS, DENTAL, INTELLIGENCE, MILITARY POLICE, SCHOOLS, RECEPTION STATIONS, GARRISONS, MANEUVER AREA AND TRAINING COMMANDS, TRANSPORTATION, SELECTIVE SERVICE, AND ARMY RESERVE COMMANDS
ACTIVE COMPONENT
ARMY NATIONAL GUARD
ARMY RESERVE

ARMY RESERVE CONTRIBUTION TO TOTAL ARMY STRUCTURE

- DIVISION COMBAT INCREMENT 1.2%
- NON-DIVISION COMBAT AND SPECIAL THEATER FORCE INCREMENT 18.2%
- TACTICAL SUPPORT INCREMENT 39.2%
- GENERAL SUPPORT FORCES 20.1%

(IN ADDITION, THE TOTAL ARMY INCLUDES ALMOST 292,000 MEMBERS OF THE INDIVIDUAL READY RESERVE AND 343,000 ARMY CIVILIAN EMPLOYEES)

Mr. HUTTO. Thank you, all three, for very fine statements.

General Temple, on page 21 of your prepared statement, you indicated that this $25.9 million of negative cost growth of the Army National Guard O&M request is associated with the 5 percent proposed reduction in civilian pay?

As it appears extremely unlikely that Congress will go along with the civilian pay cut, that $25.9 million will have to be restored.

One suggestion that has been forthcoming is to reduce civilian personnel by 5 percent, and use the savings to restore the 5-percent pay cut.

What is your opinion of this suggestion, and what impact would it have upon the Army National Guard?

IMPACT OF PAY CUT ON THE NATIONAL GUARD

General TEMPLE. Sir, if I may invite your attention back to both my written and my oral statement this morning regarding the need for military technicians, I think it is important that you recognize that we have not had consistent growth in our technician program for some years.

At the same time, as you pointed out in your statement, the requirements for the Guard and Reserve are escalating. In addition, there is a significant amount of new equipment coming into the system. This influx of new equipment, along with increased training demands upon the equipment we already have exacerbates the fact that we are below the required level for military technicians.

Because of the increased operating tempo of the equipment that we currently have on hand and new equipment coming into our inventory in the future, out backlog of maintenance will increase due to our shortfall in technicians.

If the suggestion was adopted to reduce technician manpower in the Guard, the result would be to drive other costs up related to the maintenance of the equipment, because military technicians play a very key role in maintaining the equipment that is on hand and coming into the inventory.

I would also not support a reduction in technician manpower particularly because it is related to deploying units in the National Guard. Nearly all of our technicians are members of units; they deploy with the units, and they are essential for those maintenance roles which I have elicited.

Mr. HUTTO. It would hurt considerably and be going the wrong way, wouldn't it?

General TEMPLE. Yes, sir.

And it certainly would not be cost-effective.

Mr. HUTTO. Yes, sir.

Mr. Martin?

Mr. MARTIN. Thank you, Mr. Chairman.

General Walker and General Berkman, I note that in your statements, you both referred to a question that concerns me a great deal.

We are having great difficulty, you know, trying to ensure that we have any type of deterrent force, as far as the gas warfare is concerned; and, while certainly adequate clothing is second best

thing to deterrence, naturally I am concerned when General Walker, on page 12, discusses the shortages of organizational equipment and clothing with a special emphasis on chemical defense equipment.

I am wondering how your fiscal year 1986 Army National Guard O&M request addresses these needs.

And what are your most significant unfinanced requirements?

General Berkman, for your reference, page 61 of your statement, you discuss the status of the Army Reserve efforts to provide chemical protective clothing to the Reserve, and I guess I would address the same question, how are we doing, General Temple, as well—all three, because it is of great concern to me.

If these folks are going to find themselves perhaps at the drop of a hat, as the first line of defense of ourselves and our allies, a shortage of chemical clothing concerns me greatly.

How are we doing?

PROTECTIVE CLOTHING

General TEMPLE. Let me reply in two parts, because the issue is really broken down in two parts for the Army. One is of the fact that for some years, we have been equipping our soldiers with a protective outer garment to meet chemical warfare requirements.

The Army has developed a new, more modern chemical overgarment, which is coming into the National Guard in significant amounts.

But let me take you back to the first issue—the older set. Today, if I had to send the force to war, of the units that are in the early deploying package, essentially the D to D plus 60 force, each soldier would have one set. They have some training sets. These are essentially garments which have lost their effectiveness because of limited shelf life.

There would be one set to go to war, essentially for those in the early deploying force. I must tell you that the major combat elements of the Army National Guard, which are deploying slightly later than that, would not be adequately protected if the current situation prevails.

Mr. MARTIN. Let me just interrupt there.

What you are saying is that those people committed between the first 60 days of commitment are adequately——

General TEMPLE. Yes, sir. At the present time.

That is with the older set. The new sets are coming in—and if my figures are correct, and I believe they are—in 1985, we will have 50,000 sets of the new protective outer garment; and our program for 1986 will bring another 250,000 for a total of 300,000.

Now, you must keep in mind, of course, that the force at that time will be something over 450,000 strong. So, what I can do is apply to the later deploying elements of the Army National Guard, the older set, which is obviously a fall-back position if I have to. Thus, there is a shortfall in meeting the requirements for the new protective outer garment for all National Guardsmen.

Approximately $18 million would be required to provide the contingency battle dress overgarment sets for the balance of the Army

Guard force if we receive the sets which are programmed in fiscal year 1985 and fiscal year 1986.

Mr. MARTIN. That is for the 300,000 sets?

General TEMPLE. No, needed in addition to the 300,000 sets to meet the requirements for 450,000 personnel.

Mr. MARTIN. Oh, OK.

General TEMPLE. In restating the response right today, we are not adequately prepared; however, we are seeing equipment come in in greater numbers, particularly in 1985 and in 1986.

That still will not meet the total short-term requirement in new protective outer garments; and that is what we are striving to achieve.

Mr. MARTIN. You've got about $55 million?

General TEMPLE. Yes, as of the end of fiscal year 1985 we will have about $55 million of the requirement on hand, sir.

General WALKER. And our shortfall at the end of fiscal year 1985 will be $55 million, sir.

Mr. MARTIN. Where would that be on a list of priorities if, as Congressman Hutto was speaking earlier, we are talking about a freeze, or whatever, where does that fall in line?

General TEMPLE. My No. 1 priority would be to provide all soldier-related requirements to include chemical protective gear. If I were putting priorities on O&M funded equipment, I would also include medical sets. We play a key role in providing medical units to the Army, and we want to be certain that our physicians are adequately equipped and meet the battlefield demands that are placed on them by our soldiers.

We also have some dental requirements as well.

General BERKMAN. Mr. Martin, with respect to the Army Reserve, that is a concern, the 1986 budget request will fund new camouflage, chemical protective battle dress, overgarments for approximately 133 sets; and that will provide that equipment to our early deploying portion of the force, the D to D plus 60. However, the total Army Reserve authorized strength for fiscal year 1986 is $283,000. So, you see, we are significantly short of providing that very important equipment to the entire force.

[The following information was received for the record:]

GUARD AND RESERVE PROGRAM

Following is a list of critical unfunded requirements in priority order within the Operation and Maintenance, Army Reserve appropriation.

[In millions]

Item	*Amount*
1. Staffing for designated Reserve paying offices to ensure timely and accurate pay to reservists	$2.7
2. Over 40 medical screening for USAR members	4.0
3. Upgrade of communications at USAR centers and installations	2.0
4. Operation of utilities	3.8
5. Repair parts for area maintenance support activities	3.6
6. Training assistance by readiness groups	3.8
7. Storage facilities USAR centers	5.8
8. ADP/word processing equipment	1.1
Total	26.8

The Army's objective is to equip by the end of fiscal year 1987 the Army Reserve's early deploying forces with the new camouflaged Chemical Protective Battle Dress

Overgarment (BDO), for a total of 150,000 sets for readiness. The USAR has a funded program to meet this objective by the end of fiscal year 1987. To bridge the gap until the new BDO is fielded, the Army Reserve currently has 360,000 sets of the older, non-camouflaged Chemical Protective Overgarment on hand against a requirement of 400,000 sets for training and readiness.

The current funding levels through 1991 will ultimately meet those requirements, but that is a significant time off; and I would be pleased to provide for the record the most critical unfinanced O&M requirements, which would include a portion of the camouflaged, chemical protective battledress overgarment.

Mr. MARTIN. Thank you very much.

General WALKER. Mr. Martin, may I comment, please sir?

Mr. MARTIN. Certainly.

General WALKER. Certainly I am concerned, and we are concerned about the individual protective gear that we need for our people.

But I think the chemical question is much larger than that, because the chemical capability of the military today is very small in comparison to our adversaries. We have little deterrent capability or retaliatory capability. We have kicked around the question of binary weapons for a couple of years. We talk about modernization, and that's great—we have to have it. But unless we modernize our offensive chemical inventory, we haven't accomplished very much.

Mr. MARTIN. I appreciate your statement, and it is absolutely accurate from my point of view; and that is why I prefaced my remarks without that deterrent capability the probability of your ever having to use that debilitating gear in the first place is significantly increased.

And it strikes terror in the hearts of a lot of our folks on the floor whenever we hear the word "gas," and voting is driven more by more emotions than I think it is by an understanding of what our people will be going through if we ever have to find ourselves in the battlefield with gas.

Thank you very much.

Mr. HUTTO. Thank you, Mr. Martin.

Mr. Montgomery.

Mr. MONTGOMERY. Thank you.

General Walker mentioned about training. He was a battery commander when I was a company commander in the Mississippi National Guard, and I asked him over and over again in the last few years——

Mr. HUTTO. He went straight and you came to Congress.

Mr. MONTGOMERY. Yes, that is right. [Laughter.]

I keep asking him, but it is hard for me to judge, but is the training better than when he and I were commanders? He assures me, and he feels strongly about it, and so do the other two witnesses that training is better. And that is the bottom line, to keep improving the training, because we have given him more missions.

General Walker, you and General Berkman mentioned about the incentive of bonuses which comes under the Personnel Subcommittee which I have the privilege of serving on.

I think we will be able to implement that again in the very near future, and probably put it in the authorization bill.

General WALKER. I think our point, sir, that certainly the GI bill is going to increase the number of our young men and women that enlist for the educational assistance incentive. But many, many of them have no intentions of going to college, and we have a need for those people. So, we have to have some incentive to recruit them.

And that is the reason I think that General Berkman and I are really pushing to get this done, and I think this is a must.

Mr. MONTGOMERY. Well, I see no problem. I am sure we will. General Temple mentioned about National Guard troops being in Panama. We have been invited down by you and General Walker, and about six members. We will go to Panama over the Easter holidays to look at the training of those National Guard units that are on the ground, and you said some of the best training that we have ever had for our reservists, and certainly I want to commend you for that.

We will take a look at it.

General WALKER. Yes, sir.

Mr. MONTGOMERY. And, General Berkman, my other comment is you mentioned the individual Ready Reserve. I have always been concerned about that. Most of that really comes under, under your shop anyway, that the Army has to fill those slots. We—and these incentives—we are going to give the SGLI life insurance. I have introduced that legislation. I think it can pass, because it can come out of the Veterans' Affairs Committee. It will be an incentive to the Individual Ready Reservist that he can buy this insurance if he wants it.

We hope that will help. I have those numbers there in case we did have an emergency to fill up the slots in the Reserve and the Guard and the Active Forces, that the individual Ready Reservists would be there, and would go.

General BERKMAN. Yes, sir, I think that would make a significant contribution, together with the other initiatives that are being taken with respect to the management of the Individual Ready Reserve.

That is now a function of the Army Reserve Personnel Center, in St. Louis, which is a field operating agency of the Office of Chief Army Reserve.

So, in addition to that and reenlistment efforts for the IRR, developing a comprehensive training strategy is underway in order that we maintain the skills that are required and increase the skill levels of critical skills that would be required upon mobilization. These initiatives are part of a large comprehensive package addressing this very important resource that we have, the Individual Ready Reserve. So, I appreciate those comments, Mr. Montgomery.

Mr. HUTTO. Mr. Montgomery, thank you.

Mr. Ray.

Mr. RAY. Thank you, Mr. Chairman.

General Walker, General Berkman, and General Temple. It is good to be here with you this morning, and have that very capable staff of experts there. I know that we all have to operate with people that are smarter than we are—not that that applies to you. [Laughter.]

Let me ask you two or three questions, which I think are a concern of readiness.

The other day in the hearing before one of our committees, General Senewald mentioned that there is not a single textile manufacturer in the United States now that can manufacture chemical warfare clothing.

I think that is a very serious situation in our country of the textile industry's number of manufacturing plants has reduced over 50 percent over the last few years—3, 4, or 5 years.

Some people fear that with the flood of foreign imports, that within a short period of time we will not have a textile industry in this country.

I think that this is something that we should think about. I think that the Guard, the Reserves, the Military, ought to really take a good look, and raise the questions and concerns of the ability of this country to clothe its soldiers.

I want to make these comments, and I will ask two or three questions in the process, and then you can comment on them.

Another thing that is of great concern that this committee should focus on is the agricultural situation as we see it today.

Right now, less than 2 percent of the people in this country farm. The average age of farmers is 50 years old. Nobody doubts that American ingenuity is going to be able to survive; but we do fear that there is a lot of people beginning to fear and project that around the turn of the century we are going to have some shortages; the pipelines are going to be dry. I tell you with the big operation that we have now in the military, I think this is an area that we ought to start sounding the alarm on. Certainly the military ought to start looking at it.

I read an article the other day that mentioned from some former Assistant Secretary of Defense—and I will not call his name—that a problem that we have in the Guard is that right now we have more equipment than we have manpower to handle it.

And that really this country might be well-served right now to pare back on purchasing and expanding its military equipment for the Reserve and Guard, and you might comment on that.

The final question that I have is what is the Guard's role in airbase defense, or air defense as to survivability. I know about the Roland unit out at New Mexico and the National Guard.

I think—and we believe—that air defense is an Achilles heel. Right now, we are projecting that we can handle the tactical missiles that might strike Western Europe and NATO with a hit on the head with F-16's and F-15's. I know that the Army and the Guard has the responsibility of providing air defense, and that in 1990's you will probably take over a good share of airbase defense, and airbase security.

I have thrown a lot of things out there that any of you can comment on, as you see fit.

General WALKER. Well, let me start off, sir. I am going to use as my starting point your question on agriculture. I feel like I can talk to you about agriculture. I graduated in agriculture from college, and that is the reason I am pursuing the military profession today, because I got an agriculture degree. [Laughter]

Mr. HUTTO. You know what it is to pick the cotton, General.

Mr. RAY. If I could just comment on that, it is a great concern we have, as many of our agricultural colleges are almost ready to close their doors because they do not have applicants.

General WALKER. Yes, sir.

And I have served as a county agent in a good county in the State of Mississippi, so I feel like I know exactly what you are saying.

And you present the problem correctly, and so I have to agree with you, sir.

Now, the gentleman that said we had too much equipment that we cannot take care of it, I wish he would give me the privilege of hollering "calf rope" when I get too much. I am not in the mood to do that this morning.

I do say that, as General Temple has previously stated this morning, that, yes, we need more people to help us maintain the equipment. I am talking about on a full-time basis.

We need that, but as far as reaching the point of having too much equipment, we are not at that point.

Also, we have—and General Temple has started a program to remedy this, a storage problem in some armories and training sites, but I am sure he would rather explain that program to you himself. We have not gotten too much equipment yet.

You will probably recall the Air National Guard and the Air Reserve Forces started fielding Air Base Defense Units, ground units.

Now, as I understand the agreement between the Chief of Staff of the Army and the Chief of Staff of the Air Force, this mission now has been transferred to the Army.

Hopefully, when these units are added to the force, we in the National Guard will assume that mission. I think it is very similar to missions that we have now, and I certainly think that we have the expertise and the people to train and organize these units.

READINESS

General BERKMAN. Sir, I would like to comment on the equipment portion of your comments. You know what a Reserve component unit is and the business is for us to achieve an appropriate level of readiness and readiness is the combination of a number of factors.

That equation includes personnel, training, and equipment, not only for the training, but equipment required in order to perform wartime missions.

With that equation, we achieve our readiness requirements. We are making significant progress in institutionalizing the identification of that equipment required for training during innactive duty training and annual training.

But, nevertheless, 48 percent of our units identify equipment on hand as the reason for not achieving appropriate readiness standards.

So, equipment continues to be a concern; the challenge for the Army is to provide the appropriate equipment, the modern equipment, required for a Reserve unit to perform its wartime missions.

Provide that level of equipment necessary for training during peacetime, and if the rest of it is not on hand, establish a system of

making that equipment available. The total Army does not have all the equipment that it requires so that the Army Reserve shares in that deficiency. It is a very important element of ultimately achieving the readiness required.

General TEMPLE. Permit me to provide a different perspective to your question, because I think earlier in your opening remarks, you may have focused on one of the inherent problems with the equipment. If the author of the article that you quoted was talking about too much equipment for us to man, as opposed to too much equipment for us to maintain, let me address each situation separately.

MANNING

In the case of manning, just a simple arithmetic drill will show that given the numbers of crews and the individuals that we have, that that statement is incorrect. But, notwithstanding, if you take some geographic areas of America where we have units that are below strength, those units possibly have equipment that exceeds the number of crews. My response to the second part. "Can we maintain it?," is no. I am having difficulty in maintaining the equipment. As I pointed out in my opening statement, military technicians have not been part of our full-time personnel gr_wth, and we need more of them to maintain our equipment.

Up until this year, we have had considerable shortages in the spare parts required to keep the equipment operable. We look to you to help us with that. It is a very key issue, not only to keep it working in peacetime, but to have it ready if we have to deploy and fight with it. You have to give me enough spare parts to keep it operating on a battlefield for which we have no experience in determining what the breakdown rate of 20-year-old equipment is.

So, quite obviously we are coming to you, asking for what we call a prescribed load list of spare parts, which will enable us to fight for at least a half a month to a month without seeking resupplies of spare parts.

Strategic air defense is outside my area of expertise and knowledge, but insofar as tactical air defense, you hit right on it.

Just to coin a phrase, "there ain't none that we can count on."

The Army is making very dramatic steps to try to resolve that, and I suspect that they will be coming to you as Members of Congress this year with solutions to help with that, because it impacts on us, just as it does the Active component forces.

Mr. RAY. Could I have one more minute, for a question?

Mr. HUTTO. Without objection, yes, sir.

Mr. RAY. General, on air defense, I know that the plan—I have met with Gen. Victor Hugo, and I think he is a very fine gentleman in NATO that has responsibility for that, but I know the plan is eventually to buy about 102 Patriot fire units at about 90 million each.

The Army's plan is to leave [deleted] whichever I think I kind of disagree with, since we have such a vital concern in NATO for it, for training purposes.

But what were the two questions? Do you have enough money in the budget this year for spares? No. 2, would the Guard play a role in the Patriot fire units?

General TEMPLE. The first response is that, yes, we have enough in the program to meet our day-by-day operations; it is not enough to sustain the force on the battlefield, which is an issue that needs to be addressed separately.

As for Patriot, sir, I am unaware of any requirement for the Guard to be part of the Patriot program.

General WALKER. No Patriot involvement is planned for the Guard.

Mr. RAY. Well, thank you, gentlemen, for those good answers.

Mr. HUTTO. Thank you, Mr. Ray, and I appreciate your bringing up the matter of equipment.

I was visiting in the field with the Guard when they were on an exercise—Guard and Reserves—several units there, and their biggest need was communications. They indicated that they were hoping to get the communications equipment they needed before too long.

Is this a common National Guard and Reserve problem? Is it being met? At what stage are we, because communications means everything.

COMMUNICATIONS EQUIPMENT

General WALKER. Mr. Chairman, the Army Guard rates communications equipment as its number one shortfall behind the air defense question.

General BERKMAN. And, with respect to the Army Reserve, Mr. Chairman, communications equipment is very high on our requirements.

Mr. HUTTO. And do you have any timeframe over which you feel like we will be able to provide the Guard and Reserve both with what they need with communications?

Do you want to address that, General Temple?

General TEMPLE. Yes, we have a program to meet the communications requirements of the Army Guard, but you might find it interesting, and I will provide that for you in detail rather than run you through it here, but I will give you precisely what it is insofar as each year, insofar as our requirements; but the Congress has been very gracious to the Guard ever since 1978, when we started to have, through the interest of the Congress, add-ons to our budget to buy those types of communications equipment that are essential for the National Guard.

You might be interested in knowing that some of that equipment we bought in 1978 is just now arriving. It is not simply a matter of buying the equipment today and getting it delivered to units in the near term. Our soldiers that have to fight between now and the next decade are simply going to have to operate with equipment that is on hand today.

Again, this is further evidence for Mr. Ray's point that perhaps industry may not be able to meet the wartime equipment requirements of the military services.

General BERKMAN. And, sir, with respect to the Army Reserve, I mention the major shortages are communications and automatic data processing and also repair equipment, shops, and engineer equipment. Of the $150 million that was added for equipment for the Army Reserve last year, a significant portion will be directed to communications equipment.

Again, the lead time is significant, and I would be pleased to provide, for the record, a list of communication requirements in the Army Reserve.

[The following information was received for the record:]

ARMY RESERVE COMMUNICATION EQUIPMENT REQUIREMENTS

The Army Reserve's total requirement for communications equipment amounts to $267 million. The dollar value of equipment on hand totals $135 million, or 51 percent of the total requirement. The following table depicts the number of items required, number of items on hand, and percentage of the total requirement on hand for significant items of communications equipment.

Item nomenclature	Required	On hand	Percent fill
Radio set SINCGARS	220	0	0
Radio set AN/PRC-70	202	138	68
Radio set AN/PRC-25/77	4,960	4,230	85
Radio set AN/VRC-47	5,500	5,160	94
Radio set AN/GRA-39A	1,630	2,170	133
Power supply PP-6148/U	332	66	20
Generator hand cranked	260	44	17
Radio set AN/GRC-106A	298	103	35
Radio teletype AN/GRC-142	233	250	107
Cable assembly CX-11230/G	4,560	4,550	100
Sound recorder AN/TNH-23	234	130	56
Telephone central office AN/TTC-41	10	0	0
Radio repeater set AN/TRC-110	43	19	44
Radio terminal set AN/TRC-117 LP	77	32	42
Repeater set radio AN/TRC-138 LP	54	34	63
Antenna group OE-254/GRC	3,120	165	5
Terminal telephone AN/TCC-65	50	20	40
Terminal telephone AN/TCC-72	31	0	0
Communications tech control center AN/TSQ-84	21	0	0
High speed data buffer TD-1065	752	0	0
Telephone set TA-838/TT	357	0	0
Telephone set TA-312/PT	23,900	21,600	90
Amplifier power supply Gp OG-174	54	0	0
Communications terminal AN/UGC-74A(V)3	466	457	98
Terminal telephone AN/TCC-73 ViLP	39	9	23
Power supply PP-6224/U	847	3	0
Tactical satellite communications terminal	6	0	0
Interrogator KIR-1A/ZACAI	19	15	79
Electronic key generator TSEC/KG27	742	308	42
Electronic key generator TSEC/KG30A-3	226	73	32
Electronic key generator TSEC/TYQ-100	150	0	0
Electronic key TSEC/KYK-13	1,670	1,610	96
Electronic key TSEC/KG84	452	238	53
Net control device TSEC/KYK-15	1,430	447	31
Speech security equipment TSEC/KY57	13,900	330	2
Speech security equipment TSEC/KY58	467	397	85
Countermeasure set AN/TLQ-17A	64	1	2
Receiving set countermeasures sp pur AN/MLQ-34	22	0	0
Receiving set radio AN/TRQ-32	36	4	11
Receiving set Sp AN/MSQ-103	22	0	0
Data analysis central AN/TYQ-5/V/1	63	4	6
Data analysis central AN/TSQ-63	18	14	78
Data analysis central AN/TYQ-10	76	2	3

Mr. HUTTO. All right, sir.

General WALKER. Mr. Chairman, let me point out one more thing. I am sure you are aware of the Army's new program for mobile subscriber equipment. Now this equipment is going to be fielded in the active and reserve components by corps, which means that if we have a unit with a wartime mission to a particular corps, say, Third Corps down at Fort Hood, our units missioned to Third Corps will receive this equipment at the same time as active component units.

So, yes, our units will be modernized in that case and this is a great way to do it, we think.

Mr. HUTTO. That's good. Thank you.

General Berkman, on page 41 of your prepared statement, you discuss the requirements for equipment modernization for Army Reserve Special Operations Forces. Now, what unique problems are associated with these modernization efforts? And what are your most serious unfunded requirements in this area, SOF area.

MODERNIZATION

General BERKMAN. Of course, this is not unique to the Army Reserve.

Some of the typical modernization items needed in Army Reserve Special Operations Force units are night vision goggles, radio sets—again communications equipment, and speech security systems. In the psychological operations units, most of which are found in the Army Reserve, there are requirements for things like loud speakers, public address systems, printing presses and selected vehicles.

[The following information was received for the record:]

ARMY RESERVE SPECIAL OPERATIONS FORCES

Many of the items that are in short supply for the Army Reserve Special Operations Forces are in short supply throughout the entire Army. In the area of Special Forces these include night vision equipment, communications equipment, and speech security equipment. The same problem exists with regard to Civil Affairs and Psychological Operations (PSYOP) units in the Army Reserve with some of the same items being short. In additional problem with the PSYOP units is that much of the equipment available to meet requirements is outdated or obsolescent. The Army is taking action to update and procure new state-of-the-art equipment for both Active and Reserve Components units. Representative shortages for Special Forces, Civil Affairs, and PSYOP units are as follows:

Item/nomenclature	Required	On hand	Short
Special forces			
Radio set AN/VIC-87	4	0	4
Tactical satellite com term AN/VSC-7	6	0	6
Tactical satellite com term AN/PSC-3	48	0	48
Tactical computer system	2	0	2
Hand cranked generator	132	26	106
Power supply PP6148/U	120	0	120
Speech security equipment TSEC/KY57	4	0	4

Item/nomenclature	Required	On hand	Short
Night vision goggles AN/PVS–5	66	0	66
Psychological operations			
Printing plant special warfare lt weight	22	15	7
Printing press offset	12	7	5
Mobile audio visual unit AN/MSQ–85A	22	16	6
Public address set AN/UIH–6	204	49	155
Recorder reproducer	290	28	262
Civil affairs			
Public address set AN/UIH–6	196	37	159
Recorder reproducer AN/TNH–17	56	16	40
Speech security equipment TSEC/KY57	376	0	376

So I would be pleased also to supplement that list for the record.

Mr. HUTTO. All right, if you would.

Mr. Kasich, do you have some questions?

Mr. KASICH. Mr. Hutto, I just wanted to say I appreciate the gentlemen being here today.

Senator Grassley, in an op-ed piece that he wrote for the Washington Post said that "Readiness is a disaster that, while we spend more money on readiness, we are actually less ready than we've been before we spent the money."

And I, frankly, have been very aggravated with that op-ed piece that appeared in the Washington—or, I think it was in the Wall Street Journal.

I wondered if any of you had seen that, and what your reaction is to what he had to say.

General TEMPLE. Let me address the subject.

Mr. KASICH. You can hold onto the table when you—if you want to.

General TEMPLE. OK.

The problem at its origin was one of how you measure readiness. The Army has been using a standard unit status report for some time. What that didn't take into account was the fact that as modernized equipment comes into the Army inventory, and as the Army changes its organization to meet the threat, a unit may very well have received some modernized equipment, giving it a higher capability to fight. But because of restructuring of the organization, shortages in the amount of equipment needed to meet total requirements still exist. Availability of that equipment is downstream a bit. There may also be a change in the number of personnel in the unit due to reorganization. And there may be changes in the specialities needed within the unit to maintain and operate some of the new high technology equipment. When this happens, the unit status report will show a degradation in readiness where indeed the capability of the unit to fight has been significantly increased.

The Army has adopted a second evaluation system on which General Mahaffey testified before Congress. This system takes the new capability of the unit and war games it against the threat forces to determine the improved capability under the new configuration, even though the unit may not have all of its equipment.

Just to show you the significance of that, our divisions, which have been very low on of the distribution list for equipment simply because of their Department of the Army master priority list position, have not benefited from equipment modernization. But we have, by using the new measuring device, seen quantum capability improvements in our divisions.

I think since 1980, at 12 to 15 percent——

General WALKER. 20 percent.

General TEMPLE [continuing]. 20 percent in the fighting capability of the divisions.

So Mr. Grassley, I submit, is absolutely wrong. He is simply using a measuring device which is not a true and accurate depiction of the ability of the units to fight. That, after all, is what they are designed to do.

Thank you, Mr. Chairman.

RESERVE READINESS

General BERKMAN. With respect to the Army Reserve, I would like to comment.

I have not seen the article, but any consideration of readiness goes back to the readiness equation, personnel, training, equipment, and the ability to mobilize. When you look at the Army Reserve that has gone in troop program units, from 186,000 in 1979 to over 263,000 in fiscal year 1985, just that growth results in a sacrifice in readiness.

Mr. KASICH. And I would very much like to have just a capsule of what our Reserve and Guard has done in the last 4 years to be more ready, because maybe that is something I want to use on the floor when we are talking about where our priorities are.

General WALKER. Would you have me do that now, or submit that to you for the record?

Mr. KASICH. I would like to get it. Today and tomorrow is the debate. I would greatly appreciate it, because it might come in handy.

General WALKER. The reason I say, I am not sure we have enough time here for me to cover all of it, but I can start off.

Mr. KASICH. You do not have to cover it all. Just give me the highlights.

General WALKER. All right.

Let us start off first of all with the equipment. Let us just look at 3 years. In fiscal year 1984—I am just talking about the Guard now—the Army Guard got $796 million worth of equipment. In 1985 we will get slightly over $1 billion worth of equipment, and in 1986 we are scheduled to get $1.2 billion worth of equipment.

Now, as we receive that equipment, at the time we receive it our readiness is going to go down. But I ask you, which has more capability, an M-48A5 tank or an M-1 tank? No doubt about it. And what we are doing, prior to receiving this new equipment, is training our people well ahead of the time they actually receive it. So their readiness is not reduced significantly when they receive modern equipment.

One of the big keys to readiness is full-time people. I have heard testimony in the past that the most ready of our Reserve compo-

nents has been our Air National Guard. They have at least 25 percent full-time people; whereas General Berkman said, early in his testimony, he has the lowest number of full-time people. Certainly full-time people must be increased to get the readiness that we need. Not that we can't get some readiness improvements without big numbers of full-time people, but certainly that is one of the big keys, in my judgment.

Look at the training opportunities we have now. I do not believe you were here, sir, when I made my opening statement, but I used to go to camp every summer at Camp Shelby, MI. I went there so often that I went I knew all the trees down there by their first name. I never went anywhere else for annual training.

But in this past year, we have sent, for example, from the Army Guard over 4,000 people to Reforger. Next year we are going to be sending over 14,000 people to overseas deployment training in Europe and Korea.

I myself had the opportunity to go to Japan and see an exercise over there. Over 60 percent of the participants in that exercise were Reserve component troops.

General Temple has mentioned an exercise in Panama. When have we ever had the chance to send that many people, about 10,000 people, 8,000 to 10,000 people, down there doing real live world missions?

Mr. KASICH. OK. Appreciate it. Thank you.

General WALKER. I can go on and on, sir.

Mr. HUTTO. Well, unfortunately, we do not have time, but I do thank you for your response, and we do have a lot of other questions we would like to ask, but time will not permit, so we will provide them to you, and ask you to provide this for the record.

And we thank all three of you for being here, and for your fine testimony today.

General WALKER. Thank you, Mr. Chairman.

Mr. HUTTO. Thank you very much.

And now if the Navy witnesses will come forward, please.

Well, our next witnesses this morning are from the Naval Reserve and the Marine Corps Reserve, and we want to welcome back Rear Adm. Cecil J. Kempf, who is the Director of Naval Reserve, and this is Admiral Kempf's second year as a witness in his present position.

We also want to extend a warm welcome to Maj. Gen. J.J. Went. General Went is Deputy Chief of Staff for Reserve Affairs and is appearing before the committee for the first time.

So good morning, gentlemen, and we ask you to please proceed with your statements in any form that you desire.

STATEMENT OF REAR ADM. CECIL J. KEMPF, USN, DIRECTOR OF NAVAL RESERVE, OFFICE OF THE CHIEF OF NAVAL OPERATIONS, DEPARTMENT OF THE NAVY

Admiral KEMPF. Good morning, Mr. Chairman.

I do have a statement which I would like to submit for the record if I may——

Mr. HUTTO. Without objection.

Admiral KEMPF [continuing]. And just make a few remarks.

Mr. HUTTO. All right, sir.

Admiral KEMPF. It is, of course, a pleasure to be here and to bring you up to date on the good news about the Naval Reserve. I am pleased to report that the capability of the Naval Reserve is steadily improving. Selected Reserve strength continues to grow. Readiness indicators are up.

READINESS

The ambitious horizontal integration program articulated by Secretary Lehman has been accelerated. Our surface force includes increasing numbers of modern frigates, while our air units are operating more of the front line aircraft. The quality and availability of training are showing significant improvement. We are not only enhancing our war fighting ability upon mobilization, we are also better able to support Navy Active Force units as a byproduct of mobilization training, what we call mutual support.

One of the best indicators of improvement in the Naval Reserve is our growth in drilling Selected Reserve category A strength. We achieved just over 102,400 of these drilling reservists at the end of fiscal year 1984. We will reach 110,000 at the end of fiscal year 1985, and are requesting a program with over 118,000 by the end of fiscal year 1986.

Although we have achieved success to date, growth will be even more difficult in the future. The improving economy, a shrinking pool of eligible manpower, and increased competition from both the public and private sectors are headwinds we must overcome. We need targeted incentives to achieve our goals, such as increased enlistment and reenlistment bonuses, which were spoken to earlier by the people here at the table and by Congressman Montgomery; a prior service enlistment bonus; a small unit incentive pay, which the Navy introduced to help us man our NRF frigates; and the reenlistment bonus for certain full-time support personnel.

The overall Naval Reserve force readiness has shown improvement over the past year primarily in the areas of personnel and training. Aviation units are benefiting from the force modernization efforts with increased capabilities of state-of-the-art aircraft and weapon systems. Readiness has increased about seven percent for Naval Reserve Force ships over last year's average.

The other commissioned units of the Naval Surface Reserve Force are also reporting increased readiness. Our reinforcing and sustaining units are reporting better readiness through increased manning and improved training programs.

In summary, the improvement of the Naval Reserve continues. We are rapidly evolving from a force in reserve to a force in being. Our ships and aircraft are being modernized at an accelerating pace. Our personnel strength is increasing. We are planning to reach our mobilization manpower requirements by the end of fiscal year 1988, a growth of almost 30,000 Selected Reservists in 5 years.

Our training programs continue to improve. We are adding new missions and refining existing ones through the efforts of the new total force advocate on Admiral Watkins' staff. Strong support for these programs by the Congress, the Secretaries of Defense and Navy, and the Chief of Naval Operations is being vindicated.

The Naval Reserve is truly a force on the move.
Thank you, sir, and I will be pleased to answer any questions.

PREPARED STATEMENT OF REAR ADM. CECIL J. KEMPF

Mr. Chairman and Members of the Committee: It is my pleasure to appear before you today to bring you up to date on the good news about the Naval Reserve and to look ahead to the future. I will discuss my "report card" for the past year and present our program for Fiscal Year 1986.

I assumed the duties of Director of Naval Research in December 1983. Since then I have developed a new appreciation for Winston Churchill's description of a Reservist as "twice a citizen." The enthusiasm, patriotism and hard work of our men and women of the Naval Reserve should make us all proud.

THE NAVAL RESERVE MISSION

The Naval Reserve is an integral part of the Navy's structure and is essential to the execution of the maritime strategy. To enable the active force to respond to the demands of forward deployments and sea control, we in the Naval Reserve have shouldered more and more of the overall force structure manning. In today's era of a "violent peace" described by Admiral Watkins, we're ready to respond across the spectrum from crisis management to full mobilization. At the low end of the scale of conflict, we can provide immediate and meaningful support to the fleet through our land based aviation squadrons, combat support groups, and staff augmentation units. As the situation escalates toward full mobilization, the Naval Reserve can deliver two kinds of trained, combat-ready products: (1) Commissioned units—air squadrons, ships, construction battalions, cargo handling battalions, mobile inshore undersea warfare units, special boat units, and minesweepers and (2) augmenting units for both forward deployed and ashore Naval forces to bring them to full wartime manning.

The Navy goal of a 600 ship, 15 deployable carrier battle group force is within reach. The achievement of this goal will provide the capability necessary for the success of our maritime strategy. By the early 1990's, we are programmed to have 45 ships of the 600 ship Navy in the Naval Reserve Force. The fifteenth aircraft carrier will carry a Reserve airwing upon mobilization, as will the carrier in the Service Life Extension Program (SLEP). We're committed to improving the readiness and substainability of the Naval Reserve so it can be a more effective part of this strategy. The Naval Reserve mission is stated simply: to be trained and ready for mobilization, part of the Navy that wins the war at sea.

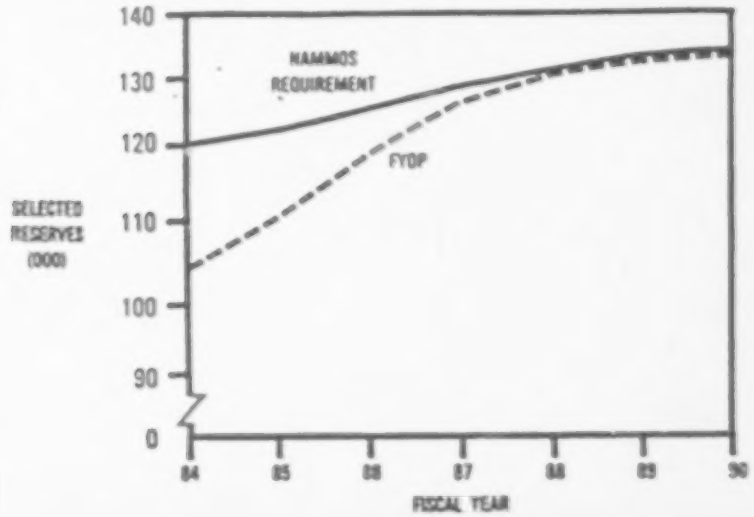
TODAY'S NAVAL RESERVE

I am pleased to report that the capability of the Naval Reserve is steadily improving. Selected Reserve strength continues to grow. Readiness indicators are up. The ambitious "horizontal integration" program articulated by Secretary Lehman has been accelerated. Our surface force includes increasing numbers of modern gas-turbine powered frigates, while our air units are operating more of the front-line aircraft necessary to win the air war at sea. The quality and availability of training are showing significant improvement. The increases in individual skill levels for our reinforcing units are direct additions to the botton line—the warfighting ability of the fleet upon mobilization. Overall, gains in these key areas enhance the support we provide every day to Navy active force units as a by-product of mobilization training, what we call mutual support.

Selected Reserve strength

One of the best indicators of improvement in the Naval Reserve is our gains in drilling Selected Reserve (Category A) strength. We achieved just over 102,400 of these drilling Reservists at the end of Fiscal Year 1984, and we will reach 110,000 at the end of Fiscal Year 1985. We have an ambitious program to reach our full mobilization requirement for trained Selected Reservists as established by the Navy's Manpower Mobilization System (NAMMOS) by the end of Fiscal Year 1988.

NAVAL SELECTED RESERVE STRENGTH



HAMMOS	120503	121408	124387	128322	130236	132223	132574
FYDP	102,409	110000	118209	125606	130236	132223	132574

NOTE: REQUIREMENTS AND END STRENGTH INCLUDES CATEGORY "A" DRILLING RESERVE ONLY; EXCLUDES TRAINEES, IRR, AND FULL TIME SUPPORT

Although the Naval Reserve did not achieve the average strength authorized for Fiscal Year 1984, we did achieve 99.3 percent of our target end strength for personnel in a paid drill status and those in the training pipeline, 107,231 of the 108,000 planned. Our growth in these areas has continued to over 108,400 at the end of January 1985, slightly ahead of our plan to reach 113,260 by the end of this fiscal year.

Although we achieved success to date, growth will be even more difficult in the future. The improving economy, shrinking pool of eligible manpower, and increased competition from both the public and private sector are "headwinds" we must overcome with a relatively small team of recruiters. We are working to obtain additional recruiters and support funds to optimize our efforts to recruit and retain the highest quality personnel possible in the Naval Reserve. New incentives proposed include increased reenlistment bonuses, a prior service enlistment bonus, unit incentive pay and reenlistment bonuses for certain full-time support personnel. Our requirement for these incentives is based on analyses which included consideration of the beneficial impact of the new G.I. Bill.

This year full-time support or TAR personnel will increase by more than 1,800 to 15,210.

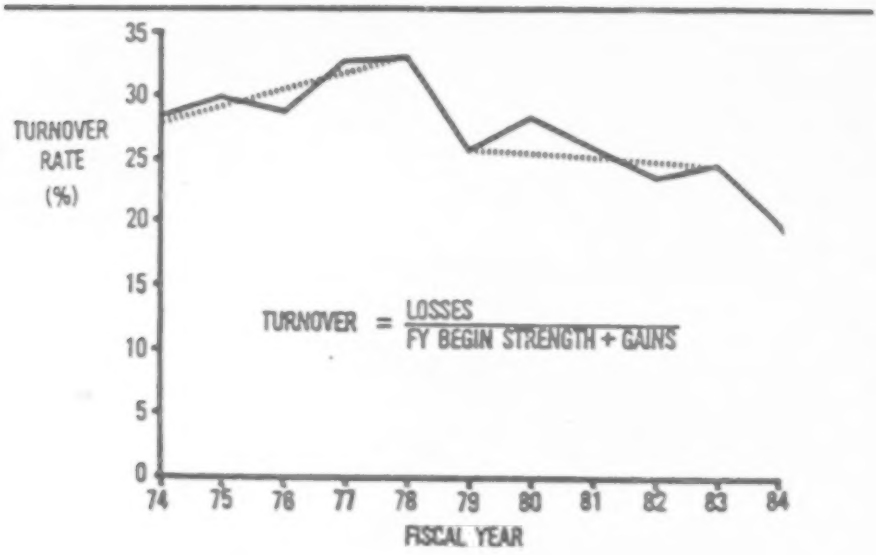
Our Fiscal Year 1986 end strength request for Reservists on full-time active duty in support of the Naval Reserve is 19,510. For the first time this authorization will include an additional category of personnel—those Reservists on Temporary Active Duty (TEMAC) in support of the Naval Reserve. TEMACs who support the active component will remain funded in the Military Personnel, Navy (MPN) appropriation and controlled by active component personnel strength limitations. Our program for Fiscal Year 1986 contains 17,973 active duty support personnel, a growth of 2,763 from the 15,210 planned this year. This growth is necessary to meet TAR manning requirements for an expanding Surface Reserve Force (+1,490), particularly the frigate program, aircraft squadron transitions (+445), the support for an expanding Naval Reserve (+828). The TEMAC program request is for 1,537 Reservists at the end of Fiscal Year 1986. This request includes 585 recruiters necessary to achieve the growth necessary to meet our Selected Reserve strength requirements by the end of Fiscal Year 1988. Our programmed growth will enable us to reach just over 90 percent of that requirement by the end of Fiscal year 1986.

FISCAL YEAR 1986—90 RESERVE FORCE END-STRENGTH

	Fiscal year—				
	1986	1987	1988	1989	1990
SELRES (including training pipeline)	122,290	130,115	135,273	137,488	137,831
Active duty support (TARS)	17,973	20,082	21,787	22,789	23,154
Temporary Active duty (TEMAC)	1,537	1,518	1,555	1,638	1,230
Total	141,800	151,715	158,615	161,915	162,215
(Average strength)	(134,400)	(147,500)	(155,900)	(160,800)	(162,200)

We have achieved the lowest turnover rate in our recorded history with this past year's rate at only 19.1 percent. Turnover rate is calculated as losses divided by the sum of beginning inventory plus gains [for a fiscal year]. The chief benefit of a low turnover rate is the stability gained by the force. Consequently, fewer new accessions and less initial active duty training are required to meet target strength increases. On the following chart, the dotted lines indicate the unfavorable trends of the late 1970's as well as the very positive direction of the 1980's.

ENLISTED SELRES
HISTORICAL TURNOVER RATES



Readiness improvements

The overall Naval Reserve Force Readiness has shown improvement over the past year, primarily in the areas of personnel and training. Because of the accelerated transition and modernization program, many of our aviation units must report an overall C-5 rating while receiving new equipment, training their flight crews, and performing modifications to existing aircraft. Naturally, this lowers the overall C-rating average of our commissioned units, but is necessary to improve our capability. Improvements in recruiting, training, and retention have helped to increase the readiness of our non-hardware reinforcing and sustaining units that will augment active forces upon mobilization.

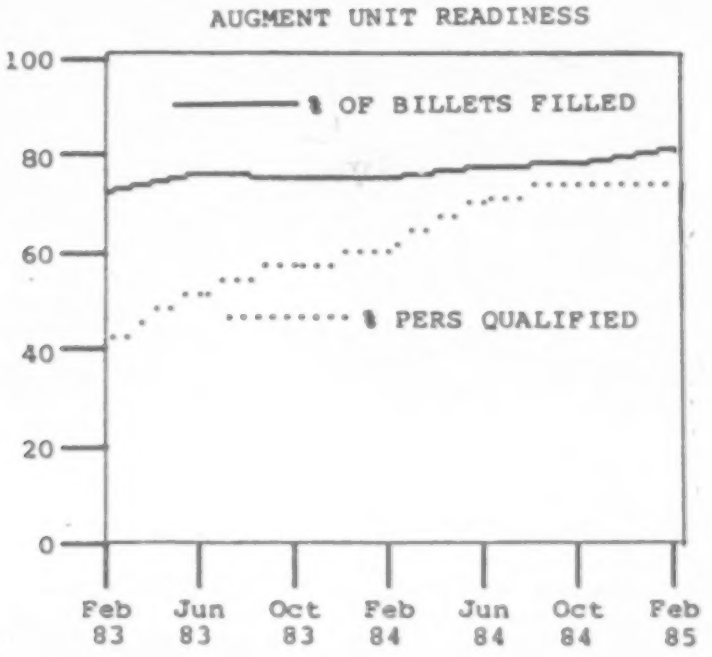
Aviation units are benefitting from the force modernization efforts with increased capabilities of state-of-the-art aircraft and weapons systems. Squadrons outfitted with fleet-compatible aircraft are mobilization-ready assets available to fleet commanders. I am confident that existing and proposed aviation modernization programs will enable us to continue our progress in aircraft squadron and wing readiness.

The readiness status of ships assigned to the Naval Reserve Force continues to increase. The measured steps we have taken to improve manning aboard our ships and to enhance training are beginning to show some encouraging results. Readiness reported by fleet commanders has increased about seven percent for Naval Reserve Force ships over last year's average. This improvement is particularly noteworthy since it has occurred while our frigate fleet is expanding.

The other commissioned units of the Naval Surface Reserve Force are also reporting increased readiness. Over the past year a combination of better retention and recruiting, funding for equipment, and enhanced training opportunities has produced a six percent improvement in overall readiness for Reserve Naval Construction Battalions, Inshore Undersea Warfare Units, Cargo Handling Battalions, and Special Boat Units.

Our more than 2700 reinforcing and sustaining units are also reporting better readiness through increased manning and improved training programs. To illustrate this positive trend, the percent of personnel fully qualified for mobilization in our reinforcing and sustaining units increased steadily from 47 percent in March 1983 to approximately 72 percent in February 1985. Average incremental qualification was adopted as a training criteria in April 1984; prior to that either "100% qualified" or "not qualified" was used. During the same two year period, personnel readiness increased from 72 percent billets filled to 81 percent in February 1985. Over this past year overall readiness and sustaining unit readiness, defined as the lesser

of personnel or training readiness ratings, has improved by approximately 11 percentage points over last year.



Equipment modernization

Naval Surface Reserve

Secretary Lehman has indicated that the Naval Reserve Force will be an essential part of the 600 ship Navy. By the end of the decade more than 40 Naval Reserve Force ships will be available for immediate deployment with the fleet. This year, we have added two more PERRY class FFG–7s to the Naval Reserve Force, bringing our frigate total to 11. We will add four more FFG–7s in Fiscal Year 1986, passing the halfway mark in our ambitious program to assign 26 modern frigates to the Naval Reserve force by 1990. This year, we established the first six Craft of Opportunity Program (COOP) units, with six more programmed for Fiscal Year 1986. We will also add three salvage ships (ARS) in Fiscal Year 1986, bringing to four our total of these ships in the Naval Reserve Force.

We will add one more Mobile Inshore Undersea Warfare unit as well as two new Naval Reserve Construction Battalions to our combat support surface programs. The first of two hospital ship augment units will also stand up in Fiscal Year 1986. Medical programs have experienced dramatic growth in the Naval Reserve, increasing to a point where 41 percent of Navy's total medical support upon mobilization will be provided by Naval Reservists.

Today the Naval Reserve contains 85% of the Navy's Minesweeper (MSO) capability. Beginning in Fiscal Year 1987, a new "Avenger" class Mine Countermeasures ship (MCM) will join the Naval Reserve force, followed by a surface-effects MSH class in Fiscal Year 1989. These new contruction ships will be assigned to the Naval Reserve after each operates as part of the Active component for one year.

Naval Air Reserve

The horizontal integration program to modernize Naval Reserve equipment is well underway in the Naval Air Reserve. Our first squadron of E-2C model early warning aircraft has completed its transition; the second squadron is slated for Fiscal Year 1988. We will commerce transition training for the second F/A-18 squadron in Fiscal Year 1986; and the first squadron, which has 14 of 19 pilots already trained, will receive its first aircraft in that year also. We have begun transitioning both of our West Coast fighter squadrons to the F-14A aircraft and have transferred their F-4S aircraft to the two Dallas-based fighter squadrons which were operating F-4N's. Transition to the A-7E from the older model A-7B is complete in one of the four squadrons scheduled, and is underway in two others. We will complete this program in Fiscal Year 1986. Completion of our airwing modernization program will provide a Naval Reserve carrier airwing for the 15th carrier battle group, ready to deploy upon mobilization. The other airwing will be ready to board the 16th carrier as it completes the Service Life Extension Program (SLEP).

We plan to procure three more used DC-9 aircraft this year. This will bring us to the total of 27 planned to replace the C-118's. Through past studies approximately 37 jet transport aircraft were validated as necessary to provide Navy unique support to a 12 carrier battle group force during wartime. We are embarking on another study to determine the Navy's requirement to support a 15 carrier battle group force.

By the end of Fiscal Year 1986, our Maritime Patrol Air capability will be enhanced markedly through the completion of the TACNAVMOD program for our Naval Reserve P-3 aircraft. We also plan to stand up two more Master Augment Units (MAUs) at NAS Moffett, California and Jacksonville, Florida to train crews in fleet model P-3C's for augmentation of active force squadrons upon mobilization. This will bring to three the number of P-3C MAUs by Fiscal Year 1988.

In Fiscal Year 1986 we will complete the stand up of our LAMPS Mk I squadrons when the third unit, HSL-94, is commissioned at Willow Grove, Pennsylvania. The two new H-60 aircraft procured in Fiscal Year 1985 will be used by HC-9, the Navy' only Combat Search and Rescue (SAR) squadron, to evaluate new SAR techniques. Our goal is to consolidate the Navy light attack helicopter squadron mission with that of HC-9 to form two Helicopter Combat Support (HCS) squadrons, one on each coast, flying H-60 aircraft. These squadrons will provide helicopter augmentation to Navy Special Warfare units as well as combat SAR for the fleet.

One of the ways we train our aircrews to provide combat-ready augmentation to fleet squadrons is through our Squadron Augment Units (SAUs). Naval Reserve aircrews train in fleet aircraft at Fleet Replacement Squadrons (FRS), in their gaining command, and with Reserve Force Squadrons (RESFORONS) that operate fleet compatible aircraft. We have established SAU's flying F-14A, A-6E, E-2C, S-3A and SH-3H aircraft. We plan to pursue this course with other types of fleet aircraft in the future.

Training

Providing quality mobilization training to members of the Navy Reserve continues to be a challenge. Progress in Fiscal Year 1984 has been significant; however, addressing increasing personnel strengths, additional missions and a complicated training environment has not been easy. The major area of improvement is in the development of the Surface Reserve Training Plan. The objective of that plan is to provide a "fully trained" Selected Reservist on Mobilization Day instead of a "trainable" one. Based on success with the Naval Air Reserve Training Program, the surface plan establishes new training policies, defines requirements and provides the delivery system. We will increase the training of individual skills in order to provide more fully-qualified Naval Reservists:

We have instituted formal training at Fleet Training Centers for Selected Reservists on weekends.

The development of an Automated Billet Qualification Tracking System (ABQTS) to track an individual's qualifications in the Reserve Billet Training Plan is nearly complete.

To achieve our goal of improved Navy Enlisted Classification (NEC) qualifications through improved methodology and training we have started:

(a) Course modularization to make them compatible for drilling Reservist study.

(b) Using civilian vocational technical (VOTECH) training programs to alleviate the shortfall in Navy "A" and "C" school seats.

(c) Accepting substitution of civilian equivalency for Navy NECs.

(d) Recruiting veterans with required NECs.

(e) Programming our non-prior service Sea and Air Mariners (SAMs) for "A" and "C" schools.

We are standardizing curricula, publishing onboard training packages, procuring surface training devices, implementing ADP training monitoring systems, and repackaging existing curricula for weekend use.

We continue to emphasize training with the active Navy gaining command. This concept is especially effective in training for individual qualifications. In addition, this training provides opportunities to provide "Mutual Support" to active force units as a by-product of such training. Additional Weekend Away Training (WET) funds will be utilized to support training at the gaining command, active training facilities or at larger Naval Reserve activities.

One important by-product of Naval Reserve training is the assistance provided to the active force in the performance of the Navy's peacetime mission. This mutual support encompasses almost all mission areas. In Fiscal year 1984 11 Reserve VP squadrons provided 46 weeks of fleet support at overseas bases in the Azores and Japan; 1,240 flight hours were also dedicated to the Vice-President's Drug Interdiction program. Naval Reserve C-9 and C-118 transport squadrons provided all CONUS fleet logistics support and augmented both Mediterranean and Western Pacific based squadrons. Last year, support was provided to the Lebanon Multinational Contingency Force, to the USS MIDWAY in the Pacific, and to various Navy and Marine Corps tactical air wings. Reserve Fleet Composite squadrons provided over 6,000 hours of services to fleet units for dissimilar air combat training, air intercept training, target aircraft for radar tracking exercises and aggressor aircraft in fleet exercises. Other Naval Reserve tactical air squadrons acted as both friendly and opposition forces for war-at-sea, fleet air defense and air-to-air warfare exercises for workup training of deploying battle groups, as well as in multinational and joint training exercises.

Naval Surface Reserve Force ships are under operational control of fleet commanders and thus are fully integrated into fleet exercises, underway training schedules, and other special evolutions. Since Naval Reservists and active component personnel are members of the crews, both the fleet and the Naval Reserve benefit from such realistic training. Other surface units that work alongside their active counterparts are Shore Intermediate Maintenance Activities, which are designed to provide Intermediate level maintenance to Navy ships while in port. Last year over 118,000 mandays were provided by Naval Reservists in direct support of ship overhaul and rework projects.

Naval Reserve Cargo Handling Battalion FIVE provided 180 mandays toward the pre-deployment load out of the USS MARS (AFS-1). Navy Supply System Command units also assisted their active counterparts in completing projects covering the entire spectrum of supply responsibilities.

Navy Reserve Helicopter Wing squadrons provided plane guard services for carriers conducting refresher training, Combat Search and Rescue training for each fleet carrier wing prior to deployment, as well as tactical training for Special Warfare units.

Reserve Intelligence units accomplished one third of the intelligence production for the Aatlantic and Pacific fleet intelligence centers, providing watch teams fully integrated with their gaining commands.

Station and staff augmentation, including at overseas sites, was provided by Naval Reserve men and women from every warfare sqecialty and staff corps designator. Medical, Legal, Chaplain, Cryptology, Oceanography, Public Affairs, and Civil Engineering Corps personnel participated in fleet support in conjunction with mobilization training. Naval Reserve Construction Battalions provided support to fleet facilities equivalent to 18,000 mandays in Fiscal Year 1984, accomplishing over 23 million dollars worth of repairs, engineering, and construction projects.

Total Force report to Congress

Last year the Navy submitted the first of its annual reports to Congress on the Navy's Total Force. This report provided considerable information on the progress made up to that time regarding the growth, modernization and integration of the Naval Reserve into the Navy's force structure. The report also discussed several areas of accelerated Reserve force modernization and new or expanded missions, extending into the 1990's. We were very pleased with the report and with the reaction to it from Congress.

That report was produced by an ad hoc group headed by Rear Admiral Bruce Newell. The Navy has since institutionalized the process by establishing a permanent organization within the staff of the Chief of Naval Operations, headed by a flag officer, to assess on a continuing basis the Navy's performance in structuring

the optimum mix of active and Reserve forces required to fight and win a war at sea.

This year's report to Congress was developed using last year's report as a baseline. It provides the status of each of the initiatives discussed last year and indentifies other initiatives adopted for the Fiscal Year 1986 program or ones being staffed within Navy for consideration in the development of our Fiscal Year 1987 request.

Almost all of the initiatives from last year's report are now a part of the Navy's program. The Naval Reserve role in protecting the Gulf of Mexico Sea Lines of Communication has been subsumed within the Maritime Defense Zone (MDZ) mission. Maritime Defense Zones Atlantic and Pacific have been established, and Navy and Coast Guard Reservists will play a large role in their operation. Last year's report also discussed the feasibility of procuring land based tanker aircraft to be maintained and operated by the Naval Air Reserve. Four aircarft for this mission are being planned. Procurement will begin in Fiscal Year 1987. The following additional initiatives from the 1984 report are also now included in the Five-Year Defense Program (FYDP):

Modernizing Reserve Maritime Patrol Air Squadrons (VP) through TACNAVMOD and other upgrading programs.

Transferring additional amphibious ships (LST, LPD, LSD) to the Naval Reserve and establishing Landing Craft Air Cushion (LCAC) augment units.

Consolidating Patrol Squadron Augment Units into Master Augment Units (MAU) and making P-3C aircraft and weapon systems trainers available for Reserve use.

Increasing the Reserve role in the airborne mine countermeasures mission (AMCM).

Transferring AO-177 class fleet oilers to the Naval Reserve Force, starting in Fiscal Year 1989, contingent upon achieving planned TAO-187 procurement and maintaining required active force levels.

Establishing two Reserve augment units to support carrier on-board delivery (COD) squadrons.

Executing Reserve augmentation plans for the Navy's new hospital ships.

Doubling the number of salvage ships (ARSs) in the Naval Reserve Force.

This year's report to Congress includes several additional initiatives to be considered during update of the Five-Year Defense Program and development of our Fiscal Year 1987 budget request. They are:

Formation of two supersonic adversary aircraft squadrons within the Naval Air Reserve Force.

Equipping one of the light attack squadrons in each Reserve Tactical Air Wing with medium attack (A-6E) aircraft.

Accelerating the commencement of transition to P-3C aircraft to Fiscal Year 1988.

Consolidation of our Light Attack Helicopter (HAL) and Combat Search and Rescue Helicopter Squadrons (HC) into two new Helicopter Combat Support squadrons (HCS), equipped with H-60 aircraft.

Establishing two airborne Mine Countermeasure Helicopter (AMCM) squadrons with five RH-53D aircraft each, starting in Fiscal Year 1987, along with plans to procure two merchant ship mobile van complexes to support them at sea.

NAVAL RESERVE FUNDING REQUEST

The Naval Reserve is supported primarily by two appropriations: Reserve Personnel, Navy RPN and Operation and Maintenance, Navy Reserve (O&MNR).

The President's Budget also requests over $130 million in the Aircraft Procurement, Navy (APN) appropriation to be used for necessary modifications to Naval Reserve aircraft, plus more than $20 million in the Other Procurement, Navy (OPN) appropriation. The OPN funds are earmarked for various support and training equipments for the cryptological program, construction battalion, special warfare units, and cargo handling battalions.

Further, the Military Construction, Naval Reserve (MCNR) Appropriation request of $51.8 million will provide much needed land acquisition, design, and facilities construction for the Naval and Marine Corps Reserve.

The total funding support requested for the Naval Reserve exceeds $2.5 billion for Fiscal Year 1986.

I would like to discuss the Reserve Personnel, Navy and Operation and Maintenance, Navy Reserve appropriations in some detail.

Reserve personnel, Navy

The Reserve Personnel, Navy (RPN) appropriation is divided into two budget activities. Budget Activity One provides funding for Unit and Individual Training. Budget Activity Two provides funding for Other Training and Support, including active duty TAR personnel, the Naval Reserve Officer Training Corps, Armed Forces Health Professions Scholarship program, and the Navy Junior Reserve Officer Training Corps. The total Fiscal Year 1986 RPN request is for $1,353.6 million, which consists of $667.3 million for Budget Activity One and $686.3 million for Budget Authority Two.

This funding request will support an average strength of 134,400 Naval Reservists in a paid status, including a Full-time support personnel end-strength of 17,973. This reflects an increase of $197.5 million over Fiscal Year 1985. Included in the Full-time support strength, beginning in FY 1986, are 1,537 Temporary Active Duty (TEMAC) personnel who will support the Naval Reserve recruiting program. Their strength and funding were previously included in the Military Personnel, Navy (MPN) appropriation. This accounting transfer represents $38.3 million of the total increase. Retired pay accrual, which began in Fiscal Year 1985, accounts for $45.5 million of the increase. Full-year funding of the Selected Reserve Educational Assistance, program, or "new G.I. Bill", represents a $9.8 million increase over Fiscal Year 1985. Additional costs associated with the January 1985 and July 1985 pay raises are $35.8 million. Increased Basic Allowance for Quarters and Variable Housing Allowance entitlements amount to $3.4 million. Program growth, discussed below, is $50.6 million.

The average strength of the drilling Reserve and those performing initial active duty training will increase by 6,664 to 112,564. The average strength of Full-time support personnel will increase by 3,231 to 17,488, including the TEMAC program transfer. There is a nineteen percent increase in the number of annual active duty training periods allocated for members of the Individual Ready Reserve who have early mobilization requirements and an eleven percent increase in mandays for school and special active duty for training periods associated with the drilling Reserve strength increase. Reserve incentives will increase by 2.7 million, mostly for anniversary bonus payments to Selected Reservists.

The requested increases will allow the Naval Reserve to comply with Congressional guidance to increase Reserve manning for Naval Reserve Force ships and to continue our growth in Selected Reserve strength to meet mobilization requirements.

Operation and maintenance, Navy Reserve

The other major appropriation which supports the Naval Reserve is Operation and Maintenance, Navy Reserve (O&MNR). The Naval Reserve is dependent upon funds in this appropriation for support of Mission Forces, Depot Maintenance, and Other Support. Support for Mission Forces includes funds for fuel, intermediate maintenance, repair parts and related support for the operation of aircraft in both the Naval and Marine Corps Reserve. It also includes operating and maintenance funds for Naval Reserve Force (NRF) ships. Depot Maintenance includes funds for the rework of aircraft and engines, the installation of aircraft modifications, and Contractor Engineering Technical Services support. Other Support provides funding to operate and maintain Air Stations, Reserve Centers, and Reserve Facilities supporting Naval Reserve forces and for various command and administrative activities, including recruiting.

The funding requested for the C&MNR appropriation for Fiscal Year 1986 is $954.5 million, which is a $125.7 million net increase over the Fiscal Year 1985 funding level of $828.8 million. Mission Forces (Budget Activity 1) increases $74.3 million, Depot Maintenance (Budget Activity 2) increase $29.1 million and Other Support (Budget Activity 3) increases $22.3 million. Program growth is $103.6 million, $57.6 million of which results from the continued migration of aviation depot level repairables (AVDLRs) to customer funding. There is also a $17.7 million growth which results from the migration of investment items from the OPN Appropriation to support Shore Intermediate Maintenance Activity (SIMA) upgrades and the purchase of Naval Reserve support equipment.

The increased O&MNR funding level will provide required support for the following areas of significant growth: increased aircraft operating and maintenance costs in support of a more modern mix of aircraft and the expansion of the Squadron Augment Unit (SAU) and Master Augment Unit (MAU) programs; $30 million for the installation of F-14A modernization kits; increased operations, maintenance, modernization and outfitting costs resulting from growth in the Naval Reserve Force ASW Frigate Program as four more FFG-7 class ships join the NRF; expansion of the mine countermeasure Craft of Opportunity (COOP) program; enlarge-

ment of the Reserve "SEABEE" program by two battalions; and increased training, equipment, and base operating support requirements associated with growing Selected Reserve strength levels as the Naval Reserve builds towards the Navy Manpower Mobilization System (NAMMOS) goal.

Programmatic decreases reflect reduced aircraft engine rework and modification installation requirements, a decrease in ship overhaul funding following completion of USS EDSON (DD 946) overhaul in Fiscal Year 1985, and a $7.9 million decrease in funding Real Property Maintenance. As a result, we still will not be able to meet the Congressional Containment Policy to limit the backlog of nondeferrable Maintenance and Repair to the Fiscal Year 1978 year-end level of $20.7 million.

The O&MNR appropriation increases by $8.3 million to support Naval Reserve recruiting and advertising activities. We need the additional recruiters and support personnel to help meet the strength and quality goals of an expanding Naval Reserve. This appropriation also supports recruiting for the Sea and Air Mariner (SAM) program.

The Naval Reserve Force (NRF) ship operating tempo of 14.7 days per quarter funded through O&MNR remains at party with previous years. The Fiscal Year 1986 flying hour program is funded at 84.4 percent of the Primary Mission Readiness (PMR) level, a slight increase from the 83.1 percent in this year's program.

SUMMARY

The improvement of the Naval Reserve continues. We are rapidly evolving from a force in reserve to a force in being.

Our ships and aircraft are being modernized at an accelerating pace, thereby improving our warfighting capabilities and our equipment compatability with the active component of the Navy.

Our personnel strength is increasing. We are planning to reach our mobilization manpower requirements by the end of Fiscal Year 1986—a growth of almost 30,000 Selected Reservists in five years.

Our training programs continue to improve and we are providing more support to active units of the Navy as a by-product of Reserve training.

We are adding new missions and refining existing ones through the efforts of the new Total Force advocate on Admiral Watkins' staff.

The strong support for these programs by the Congress, the Secretaries of Defense and Navy, and the Chief of Naval Operations is being vindicated.

The Naval Reserve is truly a force on the move.

Mr. HUTTO. Thank you, Admiral.

We will have General Went, if he will, to make his statement, and then we will proceed to ask both of you questions.

General Went.

STATEMENT OF MAJ. GEN. J.J. WENT, USMC, DEPUTY CHIEF OF STAFF FOR RESERVES, U.S. MARINE CORPS

General WENT. Good morning, sir.

Mr. Chairman, it is indeed a pleasure to appear before you and offer the Marine Corps' assessment of its reserve.

With your permission, I have a statement for the record, so we will keep this introduction very short.

Mr. HUTTO. So ordered, without objection.

General WENT. I am pleased to report to this committee and the American people that the Marine Corps Reserve program is strong. Our Reserve Force is very capable today, and vital objectives are being pursued for its future.

With the support of Congress, progress toward achieving these objectives can continue.

Active force capabilities in the Marine Corps are primarily determined by the responsiveness and deployability required of three active Marine Amphibious Forces. In this context, requirements for regular manpower are driven by peacetime commitments, forward

deployments, rapid deployment criteria, and the need for a rotation base.

In broad terms, the Reserve complements this force with a capability to rapidly expand structure by one-third and increase trained manpower by a half. Considered as a total force, 25 percent of the combat structure and 33 percent of the trained manpower are in the Reserve.

The role of the Marine Corps Reserve upon mobilization will be to selectively augment the active forces in order to field three active Marine Amphibious Forces at full wartime structure: reinforce the active Marine Amphibious Forces with selected units; if warranted by the threat, provide capability to reinforce with an additional Marine Amphibious Brigade; provide a full division, wing and force service support group if augmentation and reinforcement is not ordered; and if augmentation and reinforcement is ordered, to provide a nucleus to reconstitute a full division, wing, and force service support group.

The last two roles can only be accomplished well after mobilization has occurred. However, the first three are substantially executable today, and current challenges, initiatives, and program objective stem primarily from those requirements.

We believe the Reserve is vital to the Corps, and the total force is an established reality. Requirements to improve our present and future reserve capability have produced some important objectives, primarily in manpower and equipment. Programs and funding requirements have been developed to ensure continued strength and improvement.

The Marine Corps is a unique force with a crucial role to execute in the national defense. Substantial capability held in reserve is truly an added dimension, one in which the Corps has great confidence and takes great pride.

Sir, I am prepared to answer any questions you might have.

Prepared Statement of Maj. Gen. J.J. Went

Mr. Chairman, distinguished members of the Committee: It is indeed a pleasure to appear before you and offer the Marine Corps' annual assessment of its Reserve.

Since the beginning of the decade, Congress and the Administration have made great strides toward improving the national defense. Reserve programs in general have been strengthened in this process. As tough choices are being debated in developing our course for the next several years, it is important to accurately analyze our current posture and review objectives.

Relatively new to this post and the day-to-day functioning of the Reserve, my analysis has, or necessity, been "zero based." The entire program was examined from a broad perspective. In that context, I am pleased to report to this Committee and the American people that the Marine Corps Reserve program is strong. While there has been routine revalidation, renewal, and some redirection, the objectives are valid and direction is sound. Our Reserve force is very capable today, and vital objectives are being pursued for its future. With the continuing support of Congress, progress toward achieving these objectives will endure.

TOTAL FORCE AND THE RESERVE'S VITAL CONTRIBUTION

The Marine Corps Reserve was established by an Act of Congress and signed into law by President Woodrow Wilson on August 29, 1916. A full partner in the Nation's premier force in readiness, it has been carefully developed as a reserve in the classic sense. With trained units and qualified individuals on call to rapidly augment and reinforce active forces, the Reserve provides our Corps with a valuable added dimension.

Active force capabilities in the Marine Corps are primarily determined by the responsiveness and deployability required of three active Marine Amphibious Forces (MAF's). In this context, requirements for regular manpower are driven by peacetime commitments, forward deployments, rapid deployment criteria, and the need for a "rotation base." In broad terms, the Reserve complements this force with a capability to rapidly expand structure by one third and increase trained manpower by one half. Considered as a Total Force, 25% of the combat structure and 33% of the trained manpower are in the Reserve.

The Individual Ready Reserve (IRR) provides a substantial portion of this trained manpower. Our mobilization assignment system ensures that the skill and experience of these reservists can quickly be assimilated into the force if required. The Selected Marine Corps Reserve (SMCR) contributes trained units, which are organized into the 4th Marine Division, 4th Marine Aircraft Wing, and 4th Force Service Support Group (FSSG). In addition to nine infantry battalions and 18 flying squadrons, these organizations represent 100% of the civil affairs capability, 67% of force reconnaissance units, 40% of the tanks, and much more. Their role upon mobilization will be to:

Selectively augment the active forces in order to field the three active MAF's at full wartime structure.

Reinforce the active MAF's with selected units if warranted by threat assessment.

Provide capability to reinforce with an additional Marine Amphibious Brigade (MAB).

Provide a full division, wing and FSSG, if "augment/reinforce" is not ordered.

If "augment/reinforce" is ordered, provide a nucleus to reconstitute a full division, wing, and FSSG.

The last two roles can only be accomplished well after mobilization has occurred. However, the first three are substantially executable today, and current challenges, initiatives, and program objectives stem primarily from those requirements. While our current capability to respond is credible, it must be improved with enhanced manpower, equipment, and training programs. Increased funding will be required; however, investing in the Reserve is sound and the "payoff" substantial.

STATUS OF PROGRAMS

Budget

Funding profiles for the Marine Corps Reserve have paralleled the tempo of change. Increases in both reserve appropriations (Reserve Personnel Marine Corps—RPMC, and Operation and Maintenance, Marine Corps Reserve—O&MMCR) have contributed to increased training, increased readiness, and enhanced mobilization capabilities. Continued advances toward Marine Corps Reserve readiness and wartime strengths are dependent upon maintaining programmed funding levels.

The reserve budget for FY 1985 was previously established at $328.1 million. In the budget currently before Congress, the revised FY 1985 amount of $330.6 million is a net change reflective of several adjustments. There were increased caused by supplemental funding for the military pay raise that became effective on 1 January 1985, the proposed 3% military pay raise effective 1 July 1985, the civilian pay raise of 1 January 1985, and the Educational Assistance Accrual (G.I. Bill) which starts 1 July 1985. These were offset, to a large degree, by a reduction in the Marine Corps Reserve Manpower Plan.

The FY 1986 Reserve budget request of $351.6 million will support both enhancement initiatives and an SMCR end strength of 43,019 (41,900 average strength). This funding represents 4.0% of the overall Marine Corps budget, and a real growth of 1.5%. Listed below is a comparison of FY 1985 and FY 1986 budgets.

TABLE I.—FUNDING COMPARISON—FISCAL YEAR 1985–86

[In millions of dollars]

Reserve appropriation	Appropriation, fiscal year 1985	Budget request, fiscal year 1986
Reserve personnel, Marine Corps (RPMC)	1271.8	1290.0
Operation and maintenance, Marine Corps Reserve (O&MMCR)	58.8	61.6
Total	330.6	351.6

Within the FY 1986 RPMC Budget, $201.1 million is for pay and allowances, subsistence, clothing, and operational travel for units and individuals during drills, annual training, and initial active duty for training (IADT). We have earmarked $88.9 million for special tour requirements, mobilization training, the Full Time Support (FTS) Program, Incentives Program, Platoon Leaders Course, and the Junior Reserve Officers Training Corps. The RPMC increased of $18.2 million over FY 1985 is necessitated by planned end strength increases within the SMCR and FTS programs. These added reservists are required to support new units, new equipment, and restructuring within the 4th Marine Division, 4th Marine Aircraft Wing, and the 4th Force Service Support Group.

The FY 1986 O&MMCR request of $61.6 million provides funds for the day-to-day costs of operations and maintenance. Of this request, $30.3 million directly supports the training of SMCR units. Included are the costs of "expense items" of equipment, consumables, vehicle and airlift support, transportation of Marines and materiel, and local maintenance of equipment. Depot level maintenance of major end items of equipment is funded with $1.7 million. The FY 1986 request also provides $15.2 million for the maintenance and operation of training facilities and administrative support of the SMCR. The remaining $14.4 million pays for administrative support of individual reservists, recruiting activities, and other requirements such as postage.

Significant items in the FY 1986 O&MMCR request include $1.6 million for improved chemical protective suits, $1.3 million for improvements to the Reserve Component Common Personnel Data System (RCCPDS), $1.0 million for the new Kevlar helmet, and $0.9 million for lightweight body armor.

Funding levels described for FY 1986 are critical in our development. The very modest increase in funds for enhanced manpower, training, equipment, and facilities will make a substantial difference in producing a Marine Corps Reserve which is combat ready.

Manpower

From a manpower perspective the Marine Corps Reserve is a vastly improved force over that of the past decade. One significant improvement has been management of the Individual Ready Reserve, the primary source of trained individuals for both active and reserve units upon mobilization. An effective mobilization assignment system and advancements in preassignment programs have been major factors in this development. At the end of 1984, there were over 48,000 Marines in the IRR. By 1990, when the full impact of the military service obligation extension from 6 to 8 years is felt, this number is expected to eventually level at 85,000. A major challenge is continued development of this group of individuals as a viable manpower resource through refresher training, enhanced administration capabilities, and improved mobilization techniques.

The Selected Marine Corps Reserve has also seen significant manpower improvements. Education levels have risen, essentially paralleling the regular Marine Corps. While there has been substantial program growth since 1980, the SMCR manpower plan has recently undergone significant revalidation and some redirection.

In a project aimed at ensuring that each drilling reservist is a mobilization asset, our reserve force was trimmed to 40,619 by the end of 1984 from 42,690 in 1983. Many individuals who did not demonstrate satisfactory drill attendance were transferred to the IRR. Additionally, those who did not have the required occupational specialty were removed from the rolls if they refused retraining. While this has produced a small reduction in end strength (less than 5%) and forced a revision to our manpower plan, significant benefits have been realized in MOS (military occupational specialty) qualification. On the average in 1984, MOS qualification in the SMCR is up 15% over the average for 1983. This represents significant progress in one of the Reserve's major readiness degrading factors.

Another positive aspect of this screening process has been rededication of our efforts towards retention of quality Marines. Gaining and maintaining desired strength levels is vital in any successful program. To complement increased retention, pursuit of manpower requirements has also mandated increased recruiting goals, both prior and nonprior service, and the development of increased opportunities for retraining in needed skills.

A new manpower plan has been developed which calls for modest and achievable growth in the SMCR, averaging 1,200 per year. The FY 1985 end strength goal has been revised from 46,447 to 41,757. Our FY 1986 request is for a military end strength of 43,019. Favorable results have been achieved in the first quarter of FY 1985, and accessions are slightly ahead of schedule. While the plan has been revised, our goal of achieving full Reserve wartime strength by 1990 is the same, and in ac-

tuality SMCR strength has increased by approximately 5,000 since 1980. With continued pursuit of imaginative training, increased retention, and proper qualifications, the Corps looks forward to achieving its reserve manpower objective.

Another notable aspect of the SMCR manpower program is the increased level of full time support. As a result of the Commandant's direction that active duty manpower growth in the Marine Corps be stabilized, the Reserve Full Time Support (FTS) program has become a most valuable tool. Keeping pace with reserve development, the program is providing full time reserve personnel to assist in organizing, administering, instructing, and training the Reserve. The growth of this program from 803 in 1984 to over 1,700 in 1989 accommodates requirements that would otherwise have to be filled by regular active duty Marines.

While the great majority of SMCR individuals train in reserve combat units, there is a program which places drilling Marines on staffs within the active supporting establishment and provides manning for 52 mobilization stations across the country. These mobilization stations are critical to the process of rapidly assimilating the IRR upon mobilization. Referred to as Individual Mobilization Augmentees (IMA), these drilling reservists are becoming key elements of their organizations, as evidenced when they assisted in manning the Marine Corps Command Center during the Grenada operation.

When we consider the issue of countering terrorism, here again the Reserve proves to be a particularly skilled partner. Many reservists, through their government and civilian occupations dealing with law enforcement, security, intelligence, and special operations, have acquired expertise which can be brought to bear on this problem. A symposium, comprised of 30 reservists, met in March and made recommendations on how reserve resources could be used. Some of these recommendations have already been implemented, such as the employment of reserve counter-intelligence teams to assist in providing security during the parade season at the Marine Barracks, Washington, D.C. Also, a data base which lists reserve personnel and their expertise has been established.

Indeed, reserve manpower provides a valuable dimension to the Corps. Individually and collectively, they represent a vast reservoir of talent, experience, and potential combat power. Whether serving on regular staffs in routine duties and exercises, or manning reserve units that will augment and reinforce, these citizen Marines are an essential partner. They are the heart of the Reserve; a valued, added dimension to the Corps' total combat capability.

Material and logistics

Modern combat equipment and material readiness are essential in establishing an effective wartime capability. As an integral part of the Total Force, equipment modernization for the Reserve is facilitated by a single acquisition objective which considers both reserve and active requirements. This acquisition objective addresses equipment modernization and includes initial issue quantities for all reserve units, as well as planned sustainability for designated early deploying units through D+60.

While the Marine Corps has always included the Reserve in developing this single acquisition objective, equipment fielding in the Reserve has usually lagged active forces. Funding levels of the past 4 years have finally allowed us to see concurrent fielding. The result is an improved capability to provide trained individuals and units to meet mobilization requirements, conduct realistic training with equipment reservists are likely to go to war with, and integrate effectively with active forces in exercises and actual contingencies.

All major new ground combat systems are being programmed for the Reserve. By comparing active and reserve fielding plans listed below, the Marine Corps' commitment to concurrent fielding in active and reserve units is quickly illustrated.

TABLE II
EQUIPMENT FIELDING FY83-89

Equipment		83	84	85	86	87	88	89
M249 Sqd Auto Wpn	Act			x---------x				
	Res			x--------------x				
Mk19 40mm Machine Gun	Act			x--------------x				
	Res			x--------------------x				
Shoulder-Launched Multipurpose Assault Weapon (SMAW)	Act		x---------x					
	Res			x---------x				
9mm Pistol	Act				x--------------------x			
	Res				x--------------------x			
M16A2 Rifle	Act		x--------------x					
	Res			x--------------x				
TOW II	Act		x--------------x					
	Res				x---------x			
M60E3 Machine Gun	Act			x----x				
	Res			x---------x				
M198 155mm Howitzer	Act	x--------------------------------x						
	Res			x--------------------------x				
Logistics Vehicle Sys	Act			x--------------------x				
LVS (Dragon Wagon)	Res			x--------------------x				
M939 5T Series Truck	Act	x-----------------------------x						
	Res		x--------------------------x					
High Mobility Multipurpose Wheeled Veh	Act			x--------------------x				
	Res			x--------------------x				
M17A2 Gas Mask	Act			x---------x				
	Res			x---------x				
Kevlar Helmet	Act			x---------x				
	Res			x---------x				

Highlights of reserve ground equipment modernization in FY 1985 and FY 1986 include:

M198 155mm Howitzer to one artillery battalion

M16A2 Rifle, MK-19 40mm Machine Gun, M2 .50 Caliber Machine Gun, TOW II, Shoulder-Launched Multipurpose Assault Weapon (SMAW), 9mm Pistol, M60E3 Machine Gun, and M249 Squad Automatic Weapon (SAW) to infantry units

High Mobility Multipurpose Wheeled Vehicles (HMMWV) to units of the division, wing, and force service support group

Logistics Vehicle System (LVS) to selected combat service support units of the FSSG

Of the total wartime table of equipment (T/E) requirements, reserve units maintain only a training allowance (T/A) at local facilities. The T/A is approximately 50% of total wartime requirements and represents that amount of equipment which is required for training and can be adequately maintained and stored at local training centers. In this area, the Marine Corps' goals are being met, and over 96% of T/A is presently on hand. The remaining equipment required for mobilization is programmed to be held at Marine Corps Logistics Bases. While these stores are not yet adequate to satisfy total reserve requirements, current programs will essentially eliminate shortages by the end of FY 1988.

Marine Corps procurement funds in the amount of $252 million have been allocated for the Reserve in FY 1985. The FY 1986 request contains a programmed $185.2 million. These funds are respectively 13.7% and 10.7% of the FY 1985 and FY 1986 Procurement, Marine Corps (PMC) Appropriations. The trend indicated by these two percentages is misleading due to the impact of Reserve light armored vehicle (LAV) funding ($116.9M) in FY 1985. If LAV figures are removed, the actual upward trend of Marine Corps Procurement for the Reserve emerges (5.3% in 1984, 7.4% in 1985, and 10.7% in 1986).

TABLE III.—PROCUREMENT FUNDS BY COMMODITY AREA

[In millions of dollars]

Budget activity	Total cost	
	Fiscal year 1985	Fiscal year 1986
2—Weapons and tracked combat vehicles	151.3	31.6
3—Guided missiles and equipment	3.3	
4—Communications and electronics	27.2	35.3
5—Support vehicles	58.5	76.5
6—Engineer and other equipment	11.7	39.3
7—Spares and repair parts		2.5
Total	252.0	185.2

As a result of continued Congressional interest in increasing reserve equipment readiness, $380 million in additional funding was provided to the services with the 1985 Defense Authorization Act for procurement of equipment. The Marine Corps Reserve portion of this total was $30 million. Those additional funds are being utilized to alleviate training equipment deficiencies and accelerate planned modernization. The following is a list of equipment to be procured with the additional appropriation:

TABLE IV.—FISCAL YEAR 1985 "ADD-ON" EQUIPMENT FOR THE RESERVE

[Dollars in thousands]

Item	Quantity	Amount
M936 truck, wrecker, 5-ton	50	$9,000
M923/925 truck, cargo, 5-ton	103	9,270
Pistol, 9mm	5,000	1,675
AN, PRC-113/VRC-83	165	1,950
Meteorological data system	2	2,400
Tractor, (full tracked)	20	1,605
Tractor, (rough terrain) wheeled	3	351

TABLE IV.—FISCAL YEAR 1985 "ADD-ON" EQUIPMENT FOR THE RESERVE—Continued

[Dollars in thousands]

Item	Quantity	Amount
Refrigeration unit	22	53
Maintenance kit, MK-1823	10	100
Reverse osmosis water purification unit	6	943
Com equip (telephone/switchboard/ant)		1,654
Generators, (60KW/400Hz) (100KW and 10KW/60HZ)		995
Total		29,996

Continued emphasis on reduction of shortages and introduction of modern equipment in the Reserve component, coincident with the active component, will assure the Reserve capability to support the requirements of the Total Force.

Facilities

Units of the 4th Marine Division, 4th Marine Aircraft Wing, and 4th Force Service Support Group reside at 186 training sites in 45 states, the District of Columbia, and Puerto Rico. One hundred and forty-five (145) of those sites are shared with the Navy or other services. The remaining 41 sites are either owned or managed by the Marine Corps.

Many of these facilities are of World War II vintage, and upgrade is an issue of long standing. Eighty of the 186 training centers are in need of replacement or renovation. Sixty-five are identified as unfunded projects in the Military Construction Naval Reserve Program (MCNR). The size of the MCNR appropriation from FY 1983 to FY 1985 has averaged $39 million. Concurrently, however, the backlog of projects has increased for the entire MCNR program from $407 million in FY 1983 to $709 million in FY 1986, a growth of 74% in 3 years.

The Marine Corps is certainly receiving its fair share of the funds provided. The MCNR appropriation, however, simply is not large enough to do the job. While we recognize that the ratio of MCNR funding to MCNR backlog is similar to the level of Military Construction (MILCON) funding to Military Construction backlog, the MCNR backlog is a vital issue with a broad impact on the Reserve's ability to recruit, train, and retain quality Marines. Resolution of this shortfall will be addressed in the development of future budgets.

STRUCTURE MODERNIZATION AND ENHANCEMENT

Ground

The Marine Corps total force planning process embraces equipment modernization and structure development. This planning has resulted in certain structure changes within the 4th Marine Division and Force Service Support Group. During FY 1985, the artillery regiment will reorganize one of its three direct support battalions to accommodate receipt of the first M198 155mm towed howitzers in the Reserve. Also, a second civil affairs group will be activated in Los Angeles. The Reserve has 100% of the Corps' civil affairs capability and plans are to eventually establish a third civil affairs group, which will be sufficient to support each of our three active Marine Amphibious Forces. Two salvage platoons will be activated in FY 1985 to complement one existing platoon in the 4th FSSG. This capability is also resident only in the Reserve. A second air naval gunfire liaison company will be activated this year in West Palm Beach, Florida, whereupon 67% of that capability will be in the reserve component. The first reserve unit to be activated in Alaska will stand up in 1985 as a division reconnaissance company in Anchorage. This will provide the Marine Corps with a much improved opportunity to conduct operations in an arctic environment. Additionally, an air delivery platoon will be activated in Savannah, Georgia, to complete structuring of the 2nd Beach and Port Operations Company which began in FY 1983.

Several extremely important SMCR activations will occur in FY 1985 that will significantly improve Reserve medical and dental capabilities. In late FY 1985, Medical Logistics Company-4th Supply Battalion, three medical companies of the 4th Medical Battalion, and all of the 4th Dental Battalion will be activated. At that point, the structure of the 4th Supply and Dental Battalions will be complete. The 4th Medical Battalion will also be complete except for two companies which will be

activated next year. Also in FY 1986 a sensor control and management platoon (SCAMP) will be activated in Mobile, Alabama.

A light armored vehicle (LAV) battalion will be activated in FY 1987. It is anticipated that this battalion, consisting of approximately 960 Marines and 110 vehicles, will be distributed over five states. Four TOW platoons are also scheduled for activation during 1987. One will complete the structure of the Anti-Tank Company, 4th Tank Battalion, and the remaining three will be placed in each of the three infantry regiments.

A target acquisition battery will be added to the 4th Marine Division during FY 1988, providing the Division with a greatly enhanced capability to acquire and attack enemy targets. Also in 1988 and continuing into 1989, the 4th Division's remaining two direct support artillery battalions will receive M198 howitzers and reorganize accordingly.

Aviation modernization and enhancement

In terms of aircraft modernization, plans are also developed in terms of our Total Force. Even while active squadrons are being modernized, there is presently a substantial degree of commonality. Among others, aircraft such as the F-4S, CH-46E, UH-1N, AH-1J, and KC-130F are all being flown by the active force as well as the Reserve. Nevertheless, planned modernization of the Reserve is very important. Though updated and very capable models are being received from the active force as they receive new aircraft, existing reserve inventories are aging, and there are acknowledged shortages, especially in aerial refuelers and attack helicopters.

Our modernization plans provide newer and more advanced F-4S's and A-4M's in reserve fighter and attack squadrons as they become available. Our goal is to upgrade with the Hornet and have an all F/A-18 reserve fighter/attack force with the transition beginning in 1991. As OV-10D's become available, they will be added to the observation squadron. There will be a mix of A and D models for a period beginning in FY 1988, and eventually an all OV-10D inventory in both active and reserve squadrons.

In our last prepared statement to the Congress, we described a planned exchange of heavy/medium helicopter structure in FY 1992 (1 heavy/2 medium transitioning to 2 heavy/1 medium). Requirements have been reexamined, and that transition will not occur. Present plans are to modernize the heavy lift helicopter squadron, which is currently flying the CH-53A aircraft, with the CH-53D in FY 1992. Two 12-plane CH-46E squadrons will continue to provide medium lift capabilities for the Reserve until FY 1998/99, when they will transition to the MV-22A, Osprey. Of our three utility squadrons, two fly the UH-1N, while the third squadron has six of the older UH-1E helicopters. In the course of bringing reserve attack helicopters to 24 aircraft in FY 1988, the UH-1E squadron at Glenview, Illinois, will transition to the AH-1J, Cobra.

The Reserve currently has one squadron of KC-130's. This squadron is partially configured with the newest KC-130T. Costs of the phased stand-up of a second squadron and deployable intermediate maintenance activity (IMA) at Stewart Air Base, New York, are being identified. While these costs do not appear in the FY 1986 budget, our strategy is to develop these costs in FY 1987 planning. The addition of a deployable intermediate maintenance capability for the Reserve is critical to attaining the ability to independently deploy a reserve Marine Amphibious Task Force (MAGTF). Timely stand-up of the squadron and IMA at Stewart in concert with anticipated completion of construction during the 4th quarter of FY 1987 is heavily dependent on continued Congressional support.

While there are extensive challenges, reserve squadrons are consistently demonstrating that they are up to the task. One example is the designation of VMFA-112 in Dallas as the Marine Corps 1984 Fighter Squadron of the Year. This competition included all fighter squadrons, active and reserve, F-4 and F/A-18 alike. Also, three reserve squadrons have assumed active contingencies during the F/A-18 and AV-8B active force transition schedule. These are indicators that, in aviation combat capabilities as well as ground, the Reserve is an integral partner within the Marine Corps Total Force.

TRAINING AND READINESS

Essential for a combat ready ground and air structure is the combination of manpower and equipment into an effective training program. Active/reserve integration is the dominant theme, and our efforts are directed in two areas. Collective training is very important, and our emphasis is on unit performance within a Marine Air-Ground Task Force (MAGTF). Concurrently, it is vital to effectively complement

this collective training with programs aimed at the professional development and military occupational specialties of individuals.

Training for individuals

Two programs contribute most to the training and mobilization potential of individuals from the IRR. The Exercise Support Program provides small detachments and individuals the opportunity to participate in major exercises under the cognizance of FMFLant and FMFPac. Two highlights in this program for 1985 are as follows: 17 individuals from the IRR will augment a Joint NATO staff in London, England, for exercise WINTEX-CIMEX; and 150 reservists from the IRR will support exercise TEAM SPIRIT by deploying to Korea as part of the III Marine Amphibious Force. In addition to giving valuable support to the active staffs involved, this training is invaluable to the enhancement of an individual reservist's mobilization potential.

The Reserve Counterpart Training Program (RCT) is also designed to provide officer and enlisted personnel of the IRR an opportunity to train with their active duty counterparts. It complements the exercise support program by focusing on training within job skills (MOS) while conducting routine duties. The RCT program is scheduled to expand and will become a primary vehicle to support refresher training of the 8-year obligor as those requirements emerge.

Another focal point in our training program for individuals is increased levels of participation in professional development schools. These opportunities provide career, intermediate, and senior-level schooling for Reserve officers in the SMCR and IRR similar to that offered for regular officers. Reservists attend the Marine Corps Amphibious Warfare School and the Marine Corps Command and Staff College, as well as the Naval War College. Candidates from the grade of warrant officer to colonel are designated by selection board to ensure that the most qualified individuals attend. The program is expanding from 861 in 1984 (62% SMCR, 34% IRR, 4% FTS), to 902 in 1985 (54% SMRC, 41% IRR, 4% FTS), and to over 1200 in FY 1986.

Training and readiness of units

For units as well as individuals, the same expertise and proficiency in command and control, fire support coordination, amphibious planning, and fire and maneuver expected of the active force is also expected of the Reserve. These skills are continually refined through exercise participation. A cycle of training is maintained which includes, among others, combined arms exercises, cold weather training, and amphibious landings. Over 25,000 reservists gained the benefit of participating in 14 major exercises during 1984. Highlights of the FY 1984 exercise schedule were combined arms exercises (CAX) at 29 Palms California, cold weather training abroad in exercise COLD WINTER and TEAM WORK, and a major reserve amphibious exercise—PHALANX SOUND II—conducted by 2d Marine Amphibious Brigade.

The 2d MAB was activated in 1979, and its elements are spread over a substantial geographic area. Until recently, training was largely conducted as individual units and staff groups. In 1983 the 2d MAB headquarters element conducted a command post exercise (CPX) at Camp Lejeune, North Carolina. That exercise, PHALANX SOUND, was the first opportunity for the 2d MAB headquarters to function as a centralized staff. Based on lessons learned from the CPX, the MAB staff began planning for an amphibious exercise. In August of this last year, under the command of Brigadier General Sangalis (USMCR), 2d MAB conducted a highly successful amphibious exercise with over 700 reservists participating. Rear Admiral Rogers, Amphibious Task Force Commander, observed at the conclusion of PHALANX SOUND II that " . . . by forming that essential Navy/Marine partnership and following established doctrine, the concept of Total Force amphibious operations was verified. You have won our utmost respect."

Training a reserve MAGTF is a valuable tool. It lends credibility to the Total Force concept, and provides a vehicle for peacetime training activities. Developing plans around a reserve MAGTF gives focus and direction to employment and equipment planning for the Reserve. While much has been done, there is still progress to be made. The concept, however, is valid and the Marine Corps will forge ahead in its efforts toward developing a fully capable Reserve MAGTF.

Another feature of the annual exercise schedule is reserve unit participation in the Marine Corps Combat Readiness Evaluation System (MCCRES). Reserve units are routinely assessed with the same criteria used to evaluate active force combat capability. While the results of these tests are primarily intended for the use of unit commanders, insight as to the success of our training programs can be gained by comparing evaluated readiness between 1981 and 1984. Of units tested both years,

54% were judged combat ready in 1981, while in 1984 all were assessed as being combat ready.

In addition to tactical expertise, another aspect of reserve readiness is being prepared to mobilize. This facet is routinely assessed and exercised from an overall perspective by participation in JCS mobilization exercises. Most recently, during exercise POWDER RIVER 84, the Marine Corps actually moved units and individuals to their gaining command through designated stations of initial assignment. Some units and individuals, mobilized for POWDER RIVER, actually participated in exercise BEAR hunt overseas. Complementing this system at the unit level, the 4th Marine Division and 4th Marine Aircraft Wing conduct what is known as a Mobilization Operational Readiness Deployment Test (MORDT). Again, comparing MORDT results of 1981 and 1984 is particularly instructive. Of 95 different units tested in both years, 81% were evaluated as being ready in 1981, while 94% were judged ready just last year.

Training and readiness of the Marine Corps Reserve is at a high state. There are substantial challenges in years to come, especially in the area of developing MOS skill training in the SMCR, geared toward the time available for a reservist to train, and tailoring refresher programs for the IRR. While there is progress to be made, our training programs have consistently yielded excellent results. Reserve units and citizen Marines are as ready today as at any time in history to integrate into the Nation's force in readiness and contribute effectively.

CONCLUSION

The Marine Corps Reserve is a vital added dimension to the Corps' Total Force. High morale and the dedication of its Marines are major strengths. Requirements to improve our present and future capabilities have produced some crucial objectives, primarily in manpower and equipment. Our approach towards achieving these objectives can be summarized in a three-pronged strategy.

First, we must continue our substantial efforts in recruiting, training, and retaining quality Marines. This must be a broad based emphasis which is reflected in all aspects of the program, from compensation to imaginative training. Modern facilities are also extremely important. One of our great challenges is the maintenance of desired strength levels in the face of a declining, eligible manpower pool. Meeting this challenge will require not only careful manpower management, but also adept leadership, creative training programs, and a skillful balance of incentives. With the proper environment, the Reserve can deliver what is expected.

Second, the momentum of our force modernization effort must continue. State of the art equipment and modern training facilities are extremely important. In addition to upgrading capabilities, they heavily influence the recruiting and retention of personnel. This may be the most important factor in establishing the Reserve as a credible combat force.

A final key to enhancing Reserve capabilities is continued emphasis on active/reserve integration. From the headquarters staffing process to units in the field, it is the essence of what the Reserve is about. Mobilization is ultimately active-reserve integration, and it is appropriately the dominant factor in reserve planning. The Marine Corps has a good system for accomplishing this integration. More reservists are involved in active force training than ever before. Major program sponsors in the Marine Corps wear a reserve hat as well as active, and the office of the Deputy Chief of Staff for Reserve Affairs is included at every level of decision making. The salient point is that the mechanism is in place, and we are making it work.

Total Force, with separate but complementary active and reserve contributions, is a vital, established reality in the Marine Corps. Programs and funding requirements have been developed to ensure continued strength and improvement. The Marine Corps is a unique force with a crucial role to execute in the national defense. Substantial capability held in reserve is truly an added dimension, one in which the Corps has great confidence and takes great pride.

Mr. HUTTO. OK, thank you, General, and thank you, Admiral.

And, Admiral Kempf, in your statement you seem to indicate that once the Navy has achieved its goal of 15 deployable carrier battle groups that two of these carriers will carry Reserve air wings upon mobilization. Are those Reserve air wings in addition to or in lieu of an active duty air wing on the 14th and 15th carriers?

CARRIER AIRWINGS

Admiral KEMPF. Mr. Chairman, the way that works out is that in the early nineties, the Navy will actually have 16 carriers, but one of them is committed to a deep service life extension program, SLEP, as we call it. It is 2-year, sometimes 2-year-plus program. So what we have always said is we need 15 deployable carriers. The active forces are planning for 14-carrier air wings. We will have the 15th and 16th in the Naval Reserve.

The scenario would be, if mobilization occurred, the Naval Reserve would be assigned to the carrier that is in a less extensive overhaul. When it is buttoned up and ready for sea, our 15th air wing, our first Reserve air wing, would go aboard that carrier. We would make all preparations to bring the 16th carrier out of the SLEP program and our 16th air wing, the second Naval Reserve carrier airwing would go on that.

So what we are structuring is a carrier air wing for each of the carriers we have, 14 being active, two Reserve.

That is the plan, sir.

Mr. HUTTO. I see. All right, sir.

You also indicate that by early 1990's, 45 ships of the 600-ship Navy will be Naval Reserve force units. Can you give us something that will run down on what type ships the Reserves will have?

Admiral KEMPF. Yes, sir.

During that period, we will have about 66 ships in the Naval Reserve, but 45 of them will be what we call category A, deployable ships, including our frigates and others that really make up part of the 600-ship Navy.

So out of the 600 ships that we have talked about in the Navy, 45 will be Naval Reserve. There are 26 frigates, a destroyer, LST's, LSD, LPD's, fleet oilers, and eight MCM, mine countermeasure ships that are deployable. Those are the forces that make up those 45, sir.

Mr. HUTTO. OK.

General Went, in your statement you discussed the use of the Marine Corps combat readiness evaluation system to measure the readiness of Reserve units. Can you tell us how that system works, and how it is different from the C rating system that we apply to most of the services?

COMBAT READINESS

General WENT. Yes, sir.

The C rating is kind of a balance sheet of readiness. It assesses at any given point in time all the resources that are on hand within the force and the condition of those resources, and it measures it in four categories.

Our combat readiness evaluation system is an operational test. It is a test of Marines with their equipment performing all of the specific functions required to carry out their mission. It is an operational evaluation of active units.

I think that describes the difference. In assessing the C rating, you might use the results of our MCCRES, our Marine Corps Combat Readiness Evaluation System, in a determination of the training readiness, for example.

Mr. HUTTO. OK. Let me see if I understand that. I know oftentime we have talked about the C ratings not really having all that much meaning. For example, a unit might anticipate some equipment that hasn't yet come on line, and that was, since it had not, well, then that would detract from their rating.

But you are saying that the Marine Corps evaluation system is what you have in place and the state of readiness of that. Is that essentially——

General WENT. Let me see if I can expand that a little bit.

If we had an organization that rated 12 aircraft and in fact did have 12 aircraft on hand, in the C system they would probably be C–1 or C–2 in equipment. If their air crews had gone through all the series of training, they could be up in that category of training readiness.

But now if we go out in a Marine Corps readiness evaluation test, we would have that squadron fly all of the required missions that they are assigned over a number of days, reconstitute their air crews and their aircraft after they have flown missions to do a surge mission capability. And we would put them through a test using those assets they have, both Marines and equipment, to see if they can in fact perform the mission to which they have been assigned.

So it differs from the C rating system, in that the C rating system is administrative. It is a paper assessment of assets on hand and how ready we think they are. Our evaluation system is one of going out and hands-on performing the functions that a unit is assigned and see how well they do it.

Mr. HUTTO. OK. That is good. Thank you.

What percent of the total Marine Reserve force is represented by the individual Ready Reserve?

General WENT. If we take in the total force of over 300,000 Marines of all categories, and that would take in the retired reserve and, of course, the slightly under 200,000 active duty marines and our Selected Marine Corps reservists, I think probably about 15 percent of the total organization would be represented by individual Ready Reserves.

Mr. HUTTO. Do you know how this compares with other services? Is that generally in——

INDIVIDUAL READY RESERVES

General WENT. No, sir, I do not.

Mr. HUTTO. How about the Navy?

Admiral KEMPF. Well, in the Navy of 250,000 ready reservists, about a quarter, or 67,000, is in the individual Ready Reserve. So a quarter of the Ready Reserve in the Navy is IRR.

Mr. HUTTO. OK, and your selective end strength goal is about 132,000 by 1990; is that correct?

Admiral KEMPF. Yes, sir. That is a moving target. I predict it will rise toward 135,000 with additional missions that we are taking on.

Mr. HUTTO. OK. And then, let us see, you think you will maintain the 25 percent in the individual Ready Reserves, though?

Admiral KEMPF. Our Individual Ready Reserve is growing for a couple of reasons. One——

Mr. HUTTO. In 1990 will it be over 25 percent of that?

Admiral KEMPF. Oh, yes, sir. I predict it will be larger than that. And two things are responsible for that expected growth. One is the extended military obligation, which we recently instituted, from 6 to 8 years automatically gives us, in the nineties, more people in the IRR that still have an obligation. And we are planning for some benefit from the IRR bonus which we started just last year.

Mr. HUTTO. Admiral, you indicate in your statement that the Naval Reserve now enjoys the lowest turnover rate that it has ever had. Will this low turnover rate be affected by the economic conditions of the country in general, and if so, what is your prediction on that?

ECONOMIC CONDITION EFFECT ON RETENTION

Admiral KEMPF. Well, it is hard to connect those two, because one might say you should have the lowest turnover rate when you have the poorest economy because people wanted to keep even a part-time job. But we have had an improving economy, so I cannot really tell you what is going on here. We had 19 percent turnover last year where about 4 years ago we were in the 30- to 33-percent range.

I like to think the Reservist today likes what he is doing. He realizes he has a purpose; he is getting good equipment. But, as far as the economic effect, there may be one in that now that people are getting jobs and have their lives in order, they can decide how much time they want to allocate to being a Naval Reservist since they are not having to quit and go look for another job.

So it may be the stability factor is giving us lower turnover. It is hard to correlate those two items, though.

Mr. HUTTO. Yes. I would expect that it certainly plays a role in that.

Recently we were briefed by Vice Admiral Lyons in his readiness presentation, and he said that readiness of the Navy active force ships has improved significantly in the past several years. I know the exact numbers are classified, but can you tell us how the reserve force ships compare to the active force ships?

READINESS

Admiral KEMPF. There has been something happen in the last 3 or 4 months that is significant about being able to compare apples and apples with the active and Reserve ships. If I may, I would like to tell you what that is.

Up until about 6 months ago we did not count the Selected Reservists as being aboard our NRF ships except when they were physically present. Now, of course, they represent some 40 to 45 percent of the crew. In the readiness system if you do not have the personnel there, and you automatically get a low readiness rating in personnel.

We finally convinced our leadership that our reservists today are as available as active duty people who are on leave or are tempo-

rarily away at school. If you had mobilization you would get those people back too.

So what we have done is assume that the people that are in the Selected Reserve portion of the crew, are part of the full crew. When you do that we have almost identical readiness with our Reserve ships today as those in the active component. I see no difference. We are steaming as much in training and doing as well.

So when you consider that our Selective Reservists are on board, the readiness is comparable. But if I had to give you the data for previous years, you would see a somewhat lesser readiness because of this personnel factor.

Mr. HUTTO. OK.

Mr. Martin, would you like to quiz the admiral and general?

Mr. MARTIN. I have just one question, if I could, and welcome, Admiral and General Went. I apologize for having to leave, but it is one of those things that happens. I want to take the opportunity to salute my old friend, General Went, and I hope that you would convey my wife's and my best regards. Another great marine, my wife Melanie.

And I want to ask a question, as I wanted to speak to the Army Reserve question before, but I have the opportunity here, General.

The whole question of the Individual Ready Reserve. These are people who have done their regular tour of duty in the Marine Corps, and by virtue of what are they in this pool for how long a period of time? I guess I really would like to have a better understanding of the whole idea of the Individual Ready Reserve, and I will have a backup if it is what I think it is.

General WENT. Well, the individuals would remain in the Individual Ready Reserve roughly from 2 to 4 years as we look at their current obligation relative to the average time that marines spend in their enlistment. As we look at the increase in obligation of 6 to 8 years, we will begin seeing those people, in the next couple of years.

Mr. MARTIN. During that period of time, they do not attend drills or that type of thing, they just take with them what they learned in the Marine Corps and subject themselves to some availability; is that correct, in case——

RESERVE COUNTERPART TRAINING PROGRAM

General WENT. There are some Individual Ready Reserves who we put through what we call the Reserve Counterpart Training Program. And so we do call up and we do seek out Individual Ready Reservists to bring up for short periods of time.

We have a very detailed effort going on now to address the 8-year obligation period, because we think in 8 years their skills are going to atrophy. So we are going through a program now of what can we do to periodically recall those individuals, and we are looking essentially at every 2 years, to go through some sort of skill upgrading or retraining so that their skills do not atrophy.

Mr. MARTIN. Kind of like the Army, I assume that there is some percentage, I think it was 7 percent, that the Army talked about. They are having problems keeping track of where they move to or whatever. How do you keep track of these folks if they are going

off in literally 85,000 different directions? Do we have, I say in the Marine Corps, a problem of ensuring we know where these folks are at any given time?

General WENT. It is not easy to keep track of them, because that is dependent upon their individual attitudes toward wanting to keep us informed. So essentially, when they leave the corps, released from active duty, we know where they are going, and we ask them to keep us informed, and that is happening far better than it ever did before. I think in terms of good known addresses, we are up in the 85-percent range at this time.

In our mobilization exercises, we have had good responses from mailgrams that we have sent out to Individual Ready Reserves.

Mr. MARTIN. So, in other words, a fellow enlisted in the Marine Corps for 4 years, the period in which he is in that program is what, now—2 years?

General WENT. His obligation now is 6 years; for those current enlistees, it is growing to 8, so it is a 2- to 4-year period, depending on which——

Mr. MARTIN. Well, I guess what I am asking is that when that marine leaves at the end of 4 years, say, he has got another 4-year obligation in the Marine Corps, you might not see him in that 4 years; is that correct?

General WENT. That is possible.

Mr. MARTIN. And what you are working as a program now is maybe call him back and count them and look at them every 2 years and try to upgrade——

General WENT. Yes, we are.

We really do think that as we get a large number of the 8-year obligors—and we have about 46,000 Individual Ready Reservists now, and that will be 48 by the end of this year; as we take in the full range of 8-year obligors, we think that that is probably going to grow to 85,000 over the course of time, by about 1990; so we are talking about a larger number of people who are away from active duty for a longer period of time, so there is going to have to be some sort of refresher program.

Mr. MARTIN. If you can answer this—and I understand it is the Army—if you are aware. Is it basically the same problem for the Army and the Navy, and the Air Force, or are there going to be four different programs, probably for their Individual Ready Reserves?

Admiral KEMPF. I think we are faced with the same problems. We have undertaken a program to be sure we know where our IRR people are. We can give locations of about 95 percent of our IRR. We are going to try to keep them; and we, too, are trying to give them some program to provide them some upgrade of training to make sure that their skill does not atrophy over the period of time that they are not with us in a Selected Reserve drilling status.

Mr. MARTIN. But for the Navy and the Marine Corps that is not a concrete plan that you have in place now, that is, as far as trying to call these people up once in a while?

General WENT. That is correct.

I think that I can say that Assistant Secretary of Defense Webb's office is very interested in the whole process of training Individual Ready Reservists, so his office is working on it. I think he is con-

sulting regularly with all of the Reserve components, and so while we may have individual programs for our particular individual needs, I think there is going to be a fairly well directed, concerted effort toward keeping these folks——

Mr. MARTIN. And the last question is, there is no monetary incentive for that sailor or that marine, at the present time to keep you advised?

REENLISTMENT BONUS

General WENT. If we bring him back—there is not at this time, although there is a small bonus for reenlistment in the Individual Ready Reserve. I think that is $300 a year, and that can go for 3 years, if I remember correctly, for a total of $900; and we have not used that to a great extent. We want to be able to do that. We have got a small amount of money in this year's budget to do so. I think that is something that has got to be exploited a great deal more if we are really going to have a mobilizable Ready Reserve.

Mr. MARTIN. Maybe one more.

Mr. HUTTO. Yes, sir. Proceed.

Mr. MARTIN. When was the last time anybody in that Individual Ready Reserve was ever called upon to go back into uniform?

Aeons ago. Correct?

General WENT. Well, in our Reserve counterpart training, we call up some number every year, and that is an offer that is made for various training opportunities. There are a number who come back to us yearly to attend some school. So there is within the Individual Ready Reserve, a very active group of people who are very dedicated, very patriotic, and very interested in what is going on.

So, I guess as a kind of a bottomline, we feel pretty upbeat about that group. I think the Navy does—well, I cannot really speak for the other services.

Mr. MARTIN. I thank the general and the admiral, Mr. Chairman.

Mr. HUTTO. Thank you, Mr. Martin.

Admiral Kempf, the committee is anxious that we not lose the momentum that was begun last year in providing helicopter support for the Seals in combat rescue.

I would appreciate your commenting on about three items. One, if four additional UH-60 helicopters are authorized this year, how quickly can we begin to get an operational capability on both coasts, using UH-60's?

Two, what is the status of the integration of the helicopter gunship and combat rescue squadrons?

And, three, what tactical and doctrinal benefits do you see stemming from the adoption of the UH-60's and the dual mission squadrons?

HELICOPTERS FOR THE NAVAL RESERVE

Admiral KEMPF. Well, first, I believe during my testimony before this committee last year, Mr. Whitehurst brought up the need for the two H-60's that were authorized in the 1985 budget. In Mr. Whitehurst's statement that you read, Mr. Martin, it implied that we would not get those two helicopters until 1987.

We are frankly quite fortunate that we are going to get those two helicopters this July. The Army has let us pull those from their production line so we can get on with our evaluation. This is going to help us considerably in knowing what small numbers of equipments we might like to add to our eventual ones.

I would first like to say that the Navy is committed to this program. We want to upgrade the combat SAR capability and the light helicopter attack capability. In regard to the question about four more being added this year, that would happen to fit perfectly with what I know we are planning to do by starting production or requesting procurement in 1987.

It would fill in the gap, and if that were to happen, I think we would stand up our first squadron in 1987, for sure.

Otherwise, it is going to be 1988 and 1989 if we wait for additional procurement from our 1987 request. So, knowing that, and the tightness of the budget, a fill-in of four H-60's in fiscal year 1986 would certainly help us because we are committed to the program, and we need to get on with it.

Second, the combination of the HAL, light attack helicopter, and the combat SAR is probably one of the best things that we have thought of. We now have two HAL squadrons and one combat SAR. We plan to bring those three squadrons together and put one squadron on each coast with the combined capability.

We can do that with nine helicopters in each squadron. We want to get on with that as soon as possible because it is not only benefiting capability since the HH-3A that does the combat SAR just really cannot do the mission, where the H-60 can, but also the missions of the combat SAR and the light attack helicopters are so close that they need almost the same equipment; so it is an ideal marriage. It will save us people, hardware, and operating costs.

What made that consolidation possible is the singling up on a helicopter like the H-60; so we are very excited about that prospect and we want to get that combination going as quickly as possible. I might have touched on the third part too as far as the tactical advantage, but we are moving toward the combination, and we will do that just as quickly as we can get the helicopters aboard to do it.

Mr. HUTTO. OK. Back to the carrier situation. In your statement, you indicate that you are studying the number of jet transport aircraft that will be necessary to support a 15-carrier battle group force, instead of the 12-carrier force. When will the results of this study be available?

And do you anticipate that you will ask for any type of aircraft other than C-9's to use in this capacity?

NUMBER OF C-9'S TO SUPPORT 15-CARRIER FORCE

Admiral KEMPF. Well, I just met with the study director earlier this week. We want the results in 6 months, if we can get them, so we will be able to, if there is an additional requirement, include our plan in the 1987 request.

What we are looking at is a study to determine what intratheater capability is required. We in no way want to get into intertheater capability, because that is an Air Force mission.

But it is quite obvious to us, in the experience that we have had so far in providing in-theater support because we do this on a routine basis in the Mediterranean, the Navy probably needs more air lift. We send a C-9 over there with its crew on 2 weeks active duty, and they provide logistics support for the 6th Fleet during that period. We will do the same thing to the 7th Fleet in the Pacific.

Having that small data base, it is obvious to us that 27 C-9's probably will not be enough in a 15-carrier battle group Navy. So, what we are doing is quickly getting an update of existing data to see if we need more, or if 27 is the right number. It may well be the right number; I cannot predict. My gut feeling is that it is probably not enough. I do not think there would be a requirement for a large number, but as we have this momentum going of purchasing used C-9's, if there are others out there, we would like to keep the procurement going.

We really do not have any idea that we need an aircraft of larger capacity than C-9's. I like the C-9; it is a standard airplane with about the right load capability. So, if we need more, we would probably like to proceed with more C-9's if they are available.

Mr. HUTTO. Yes, sir.

General Went, in your statement you indicate that you will spend a million dollars for the new Kevlar helmets this year. I believe the Army did most of the basic research and development for this helmet. Can you tell us if the Marines did any independent research on that helmet, and, if so, what the result of the research was?

Also, what do your individual Marines think of this new helmet?

General WENT. Well, as you may know, we have Marine Corps project officers, or observers, if you will, at all of the Army test sites, and most of the equipment which we buy that is similar to what the Army is buying, is tested principally by the Army.

But we do participate in those tests, and then we do some work, as well, at our Marine Corps Development Center at Quantico.

So, the principal testing was done by the Army, observed by us. We were pleased with what we saw. We think that is a better helmet, and we do have some funds in the 1986 budget for that; they now provide, I think—if I remember correctly—about 90 percent of our Reserve requirements in this purchase.

Mr. HUTTO. OK.

Well, we want to thank both of you gentlemen very much for your fine statements, and your response to our questions.

We will have some more that we would like to present to you and ask that you provide a response for the record.

General WENT. Yes, sir.

Mr. HUTTO. I appreciate your being here with us.

General WENT. We appreciate the opportunity, sir.

Mr. HUTTO. Thank you very much.

[The following questions were submitted to the witnesses to be answered for the record:]

NAVAL RESERVE AIR WINGS

QUESTION. Admiral, in your statement you seem to indicate that once the Navy has achieved its goal of 15 deployable carrier battle groups, that 2 of those carriers

will carry Reserve air wings upon mobilization. Are those Reserve air wings in addition to or in lieu of an active duty air wing on the 14th and 15th carriers?

Admiral KEMPF. The Navy plans to stand up the 14th active air wing in FY-87, while continuing to modernize the two existing Reserve carrier air wings which are the 15th and 16th air wings. The Navy's goal is to provide air wings for each of the fifteen deployable carrier battle groups and also provide an air wing for the additional carrier in service life extension program (SLEP). The Reserve air wings are in lieu of two additional active air wings.

NAVAL RESERVE ROLE IN 600 SHIP NAVY

QUESTION. Admiral, in your statement you indicate that by the early 1990's 45 ships of the 600 ship Navy will be Naval Reserve Force units. Can you give us a rundown on the types of ships in that group of 45?

Admiral KEMPF. A summary of Naval Reserve Force ships in the 600 ship Navy by 1992 is as follows:

Ship type:	*Number*
Guided missile frigate [FFG]	18
Frigate [FF]	8
Destroyer [DD]	1
Tank landing ship [LST]	3
Dock landing ship [LSD]	1
Amphibious transport dock [LPD]	1
Mine countermeasures [MCM]	8
Oiler [AO]	5
Total	45

INDIVIDUAL READY RESERVE

QUESTION. Admiral, in your statement you indicate that the Selected Reserve end strength goal is approximately 132,000 members by 1990. What do you estimate will be the number of Individual Ready Reserve members in 1990?

Admiral KEMPF. The Individual Ready Reserve estimated end strength for 1990 is 136,500, consisting of 121,600 enlisted and 14,900 officer personnel.

TURNOVER RATE

QUESTION. Admiral, in your statement you indicate that the Naval Reserve now enjoys the lowest turnover rate it has ever had. Will this low turnover rate be affected by the economic conditions of the country in general, and if so, what are you predicting?

Admiral KEMPF. National economic factors do have an effect on SELRES retention rates but not to the same extent as the effect on active duty retention rates. When the economy declines, the importance of SELRES drill pay increases. When the economy improves, other factors of SELRES participation (retirement, camaraderie, advancement, sense of loyality/patriotism, etc) take on greater import.

SELRES retention is a combination of all these factors. Right now the Selected Reserve enjoys its lowest turnover rate ever because of the dedicated professionals, both Active and Reserve, who are working to insure that every facet of Reserve service is a positive one. Competitive pay, modern equipment, and aggressive educational opportunities all combine to assist retention. These factors, with congressional support, will result in our continued success in this area, regardless of the economy.

NAVAL RESERVE FORCE SHIP READINESS

QUESTION. Admiral, we were briefed by Vice Admiral Lyons in his readiness presentation that readiness of the Naval active force ships has improved significantly in the past several years. I know exact numbers are classified, but can you tell us how the Reserve Force ships compare to active force ships?

Admiral KEMPF. Ships assigned to the NRF compare very well to active force ships in readiness. The latest figures for frigates, the largest category of comparable ships, indicate little or no difference between the percentage of active force and NRF ships reporting C-3 or better readiness ratings. When comparing all NRF ships with all active force ships, the readiness of the NRF ships is rated slightly lower, approximately 5 percentage points.

Reserve Transport Aircraft

Question. Admiral, in your statement you indicate that you are studying the number of jet transport aircraft that will be necessary to support a 15 carrier battle group force instead of the carrier force. When will the results of the study be available? Do you anticipate you will ask for any type aircraft other than C-9's to use in this capacity?

Admiral Kempf. The study should be completed by the end of the year. Navy anticipates the requirement for transport aircraft will increase. The type and number of aircraft needed to support the battle group force will be determined after the study is complete.

Combat Sea SAR

Question. Admiral, in your statement you discuss the goal of establishing two Helicopter Combat Support squadrons, one on each coast, based on the consolidation of the one current Combat, Search and Rescue squadron and the Navy light attack mission. Could you explain a little more about that plan and how it meshes with the 1985 Total Force Report recommendation to equip light attack squadrons with A-6E aircraft?

Admiral Kempf. Our plan is to consolidate the one Combat Search and Rescue Helicopter Squadron (HC) and the two Light Attack Helicopter (HAL) Squadrons into two Helicopter Combat Special (HCS) Squadrons. The Navy will assign the two H-60 helicopters provided by the Congress in FY-85 directly to HC-9, the Naval Reserve Combat Search and Rescue (CSAR) squadron located at NAS North Island, CA. As additional H-60s become available, HC-9 will be consolidated with the West Coast HAL squadron, HAL-5, to create a dual mission HCS squadron. A second HCS squadron will be started on the East Coast using the personnel assigned to HAL-4 in Norfolk VA. Nine H-60 helicopters per squadron are required to meet mission requirements. The assignment of the new aircraft will permit the Naval Reserve to combine three helicopter squadrons into two, performing the dual mission of CSAR and HAL. This plan is outlined in the 1985 Total Force Report.

The 1985 Total Force Report also recommended assigning A-6E aircraft to the Reserve carrier air wings to fullfill a much needed medium attack, all-weather capability. This addition will bring us one step closer to making our Reserve carrier air wings compatible with active component air wings. The A-6E program should not be confused with the UH-60 helicopter light attack role discussed above.

Training and Readiness

Question. General Went, in your statement you discuss active/reserve integration in regard to training. Can you give us some examples of how reserve units are involved in major active force exercises and the length of their involvement?

General Went. Essential for a combat ready ground and air structure is the combination of manpower and equipment into an effective training program. Active/reserve integration is the dominant theme. Collective training is very important, and our emphasis is on unit performance within a Marine Air-Ground Task Force (MAGTF). In FY 1983, approximately 17,000 Marine Reservists participated in 14 major exercises ranging from Combined Arms Exercises (CAX) at the Marine Corps Air Ground Combat Center, 29 Palms, California to exercise Team Spirit. The number of reservists participating in major exercises increased to over 25,000 in FY 1984. Highlights of the FY 1984 exercise schedule were the CAX's at 29 Palms, California, cold weather training abroad in exercises COLD WINTER and TEAM WORK, and a major reserve amphibious exercise—PHALANX SOUND II—conducted by 2d Marine Amphibious Brigade.

The following tables provide data on reserve participation in major active force exercises for FY 1983 and FY 1984:

Exercise	Unit size	Length (weeks)
	1983	
Team Spirit	Company	2
Cold Winter	Squadron	2
LOGEX	Elements of div/FSSG	2
Solid Shield	Squadron	2

Exercise	Unit size	Length (weeks)
	1984	
Team Work	Battalion	2
Ocean Venture	do	2
Team Spirit	IRR members	4
Gallant Knight	Company	2
LOGEX	Elements of div/FSSG	2
RED FLAG	Squadron	2
Border Star	do	2

The current exercise participation schedule for FY 1985 is equally as intensive as in FY 1984. Earlier this, year, Company I, 3rd Battalion, 25th Marines, a detachment from 3rd Anglico, and a detachment from 4th FAAD Battery participated in Brim Frost 85 held in Alaska. Two helo squadrons from 4th MAW just completed cold weather training in a Canadian exercise, Nez Rouge, held in Val Cartier, Quebec. Under the exercise support program 17 IRR's augmented a joint NATO staff in London, England for exercise Winter-Cimex. Recently, 4th MAW crash crew personnel augmented MCAS Futenma, Okinawa to support Team Spirit 85, and 4th MAW photo imagery personnel supported the exercise at CINCPAC Headquarters. Ten Selected Reservists and 108 Individual Ready Reservists deployed to Korea, also in support Team Spirit, as part of Three MAF.

The following table provides specific data on reserve participation in major active force exercises for FY 1985:

Exercise	Unit size	Length (weeks)
	1985	
Brim Frost 85	Company	2
Solid Shield 85	Squadron	2
Border Star 85	Detachment (18 A/C)	2
Blazing Skies	Squadron	2
Alpine Warrior	Detachment (8 Helo)	2
Cold Winter	do	2
Bear Hunt	Detachment (FSSG)	2
Powder River	Detachment (HQ)	2
RESPHIBLEX (West)	Marine amphib unit (Bn)	2
RESPHIBLEX (East)	do	2
Nez Rouge	2 squadrons	2

MCNR Program Backlog

Question. General Went, in your statement you discussed the Military Construction Naval Reserve program backlog and indicated it increased from $407 million in FY-1983 to $709 million in FY-1986 for a growth of 74% in 3 years. What makes up that backlog and how can it have grown so quickly in that short a period?

General Went. The Marine Corps share of the MCNR backlog was $50.2 million in FY-1983. Currently our share of the backlog is $107 million. This is made up of $57.2 million of USMC exclusive projects and $49.4 million of our share of joint service projects.

The causes of the rapid growth of our share of the backlog are more efficient identification, increased requirements, and block obsolescence.

Our portion of the backlog has not increased as dramatically as has our ability to more efficiently identify our deficiencies.

In the past few years, our facility requirements have greatly increased due to the assignment of contingency missions with their inherent requirements for onsite staging of equipment and supplies, structure enhancements, and equipment modernization.

Block obsolescence is a reality in that many of our structures are beginning to exceed their planned life expectancy.

Heavy/Medium Helicopter Mix

Question. General Went, in your statement you indicate that there was a plan to exchange your helo squadron mix from 1 heavy/2 medium to 2 heavy/1 medium. However, you further indicated that plan has now been changed and the old mix structure will remain. Can you tell us why that change was made?

General Went. The decision to retain existing HMH/HMM structure in the reserve marries precisely with our helicopter modernization plans for the future which will eventually see 1 squadron of CH-53E's and 2 squadrons of MV-22A's in the Marine Corps Reserve.

Single Acquisition Objective

Question. General Went, in your statement you discuss the Marines Single Acquisition Objective and indicate that it applies even to major ground combat systems. Does that objective also apply to aircraft?

General Went. Our Single Acquisition Objective concept is not applied to the purchase of aircraft in the same sense that it is applied to ground combat systems. The Marine Corps has a plan for reserve aircraft modernization and overall plans for such aircraft as the F/A-18 include the number of aircraft required for reserve squadrons. However, while Total Force requirements are developed in the same fashion, the dollar magnitude of funding associated with aircraft purchases precludes "buys" and/or contracts for the total requirement, and forces us to program and field aircraft within active and reserve components over a substantial number of years.

Mr. Hutto. The subcommittee will be in recess until 2 o'clock this afternoon, when we will hear from Air Force and organizational witnesses.

Thank you.

[Whereupon, at 11:50 a.m., the hearing was recessed, to be reconvened that same day, Wednesday, March 27, 1985, at 2 p.m.]

Afternoon Session

The subcommittee met, pursuant to notice, at 2:05 p.m., in room 2537, Rayburn House Office Building, Hon. Dan Daniel, presiding.

STATEMENT OF HON. DAN DANIEL, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. Daniel. This afternoon, our hearing resumes with testimony by Generals Conaway and Gill for the Air Guard and Reserves; General Weber for the Guard Association; Admiral Forrest and Captain Buesner for the Naval Reserve Association; and Admiral Spiro for the Reserve Officers' Association.

We have some interesting issues to consider in terms of Reserve and Guard readiness this afternoon. After years of work to meld the Reserve components' missions with the Active Forces, to truly function as a "total force," we are beginning to see some severe cracks appear in that facade. This is an issue that we need to address in some detail this afternoon.

On a more cheerful note, it is apparent that the Reserve components have seen the same benefits of a pure jet and turboprop mix in the operations support aircraft.

The National Guard Association has talked to us about this issue, and I believe have said that they would recommend that we purchase four of the C-21A's to continue this initiative in the Reserve components will ultimately save a good deal of taxpayers'

money, and is a matter of substantial agreement between both the House and the Senate Armed Services Committees.

I would like to add at this point that it is a recommendation with which I completely agree. We have had fairly good success, as everyone knows with this mix in the regular forces, and I think it would be, serve us well in the Guard and Reserves.

Gentlemen, it is a pleasure to see you here, and to welcome back witnesses who have been extremely helpful to the committee's work in previous authorizations.

Mr. Spence, do you have anything you would like to add, or would you add anything at this time?

Mr. SPENCE. No; except just to welcome you gentlemen before us today, and we are real interested in what they have to say.

Mr. DANIEL. General, please proceed as you desire.

General CONAWAY. Thank you, Mr. Chairman.

STATEMENT OF MAJ. GEN. JOHN B. CONAWAY, DIRECTOR, AIR NATIONAL GUARD, U.S. AIR FORCE, DEPARTMENT OF THE AIR FORCE

General CONAWAY. I am director of the Air National Guard, and it is a pleasure to appear before you and the members of the subcommittee and staff that are present today.

First of all, I would like to take this opportunity to thank this committee for its great support in the past several years of which has helped enhance the combat readiness of the Air National Guard.

Today, we stand at the highest readiness level in our history and this committee has played a major role in that. We thank you for your support in re-engining our KC-135 tankers with the JT3D engine. We also thank you for the addition of the C-12 aircraft that is allowing us to retire some of our older C-131 propeller-driven airplanes that are about 33 years of age. We appreciate that.

MODERNIZATION PROGRAM

The F-16's, as well as the C-130H's that you have authorized, continue to enhance the modernization of the Air National Guard. We also have been able to purchase some communications equipment with funds added the last couple of years to help alleviate these critical shortages.

The good news is that the strength of the Air National Guard is over 106,000 personnel which is all-time high. We are programmed to go to 108,000 personnel by September 30 of this year and 111,000 in 1986. By the end of this decade we are programmed for 121,000 personnel in the Air National Guard. All of our growth is programmatic based on increased missions and numbers of aircraft coming to the Air National Guard. So, strength, recruiting, retention, and initiatives bonuses, and the GI Bill, are all critically important to us, as we are asked to play an ever-increasing role in the Active/Guard mix.

The Air Force has been good to us in providing equipment to help us modernize. For example, we have two F-15 squadrons

coming to the Air National Guard; one in New Orleans; one in Georgia.

We have F-16s in Mr. Spence's District that are already combat-ready. And the South Carolina Air National Guard unit will be deploying to Norway this summer on a full deployment of our first F-16 squadron. We will be getting F-16s at Kelly Air Force Base in Texas and the Air Force just released to Congress F-16 conversions for us at Tucson, AZ; Jacksonville FL; and Massachusetts.

We are also getting back into Strategic Airlift for the first time in almost 10 years with the first C-5 unit in the Air National Guard at Stewart Field in New York; and the first C-141s organically in the Air National Guard at Jackson, MI.

This modernization is needed because the Air National Guard is one of the largest backup Air Forces in the world. With over 1,700 combat aircraft, we are comparable to our great allies, the RAF, with 800 aircraft and the Federal Republic of West Germany with 800 aircraft.

We play a primary role as a backup fighter force and also support the Air Force with our tankers and airlift. We accept any challenge and will do what we are asked if properly resourced to do the job.

All of our units can be mobilized within 24 hours and deployed in 72 hours just as the Air Force Reserve units.

Our fiscal year 1985 O&M account that we are executing today is right on track, and we are adequately funded. It should cover all of our needs to stay combat ready; and, by the way, we have more C-1 units than anytime in our history, even though the current rating criteria makes it more difficult for units to be rated C-1.

The 1986 program that we have before us today if approved, is adequate to do what the Air National Guard needs to do to stay highly combat ready as part of the total Air Force team.

We still have a backlog in maintenance and repair, but it is a workable backlog. We also still have some shortage in communications and support equipment that we can address if you desire.

I will close by saying, we are all in this together, and Sandy Gill, the head of the Air Force Reserve, and General Gabriel, Chief of Staff of the United States Air Force and I, do not think anyone incorporates the total force concept any better than the United States Air Force. We are a little parachial with the color of suit that we have on today, and I always like to say that we did not all come over on the Mayflower together but we are certainly all in the same boat today.

Thank you, sir.

Mr. DANIEL. Thank you.

General Gill, we would be pleased to hear from you at this time.

PREPARED STATEMENT OF MAJ. GEN. JOHN B. CONAWAY

AIR NATIONAL GUARD

INTRODUCTION

The Air Guard has once again achieved its highest readiness level in history and has attained a new high in manning with over 105,000 men and women deeply committed to performance of both a State and Federal mission.

The State mission of the Air National Guard is to provide organized, trained and equipped units and personnel to respond to requests from State authorities, during periods of emergency to protect life and property, and to preserve peace, order and public safety. During Calendar Year 1984, personnel of the Air National Guard were called up 60 times to provide emergency assistance to civil authorities in various emergency and support operations. These missions involved over 600 personnel using almost 2,100 workdays. Forty-five of these missions were in support of the National Search and Rescue Service involving 579 workdays and resulted in 28 lives saved. The remaining 15 missions were in direct support of civil authorities and involved 269 personnel using a total of more than 1,500 State Active Duty workdays. These missions consisted of disaster relief, medical evacuation, emergency medical support and security following floods, tornadoes, forest fires and snowstorms.

The Air National Guard's Federal mission, as part of the total Air Force, is to provide units of properly equipped and trained personnel for prompt mobilization whenever called upon in time of crisis. Our units also perform designated Air Force missions during peacetime, primarily as a by-product of training.

The Air Guard is manned and ready to carry out this dual mission. It is our belief that strength through readiness is the key to success.

The readiness of our units continues to remain high despite increased taskings and conversions to new and more complex weapon systems. Military manning was

over 105,000 at the end of FY 1984 and is projected to approximate 108,000 at the end of FY 1985 and 111,000 by the end of FY 1986. The Air Guard flies more than 1,600 aircraft in a variety of demanding missions ranging from Air Defense and Tactical Fighters to Strategic Air Refueling and Strategic Airlift. We participate as full partners with the active Air Force and the Air Force Reserve in carrying out these missions assigned by our civilian leadership.

FLYING UNITS

FORCE STRUCTURE

Air National Guard flying units are organized into 24 wings, 67 groups, and 91 flying squadrons. Modernization of these units continues as evidenced in the FY 1986 Public Announcement of force changes. We have announced the first F-15 conversion in the Air Guard at New Orleans in FY 1986 with a second unit programmed in FY 1987 at Dobbins, Georgia. We are getting back into the strategic airlift business with activation of our first C-5 unit at Stewart Airport, New York in FY 1985 and our first C-141 unit at Jackson, Mississippi in FY 1986. We will also be activating our second Air Guard F-16 unit at Kelly Air Force Base, Texas. Future programs continue these modernization efforts. However, I must emphasize two considerations when you review our modernization efforts. Future programmed conversions depend on programmed procurement rates. Modernization of the Air Force in general and the Air National Guard in particular depends heavily on your support of these procurement rates.

In FY 1986, the Air Guard will continue its modernization efforts in several major mission areas. Two Tactical Fighter units (one F-4D and one F-4C) will change series to the F-4E and increase their primary aircraft authorization from 18 to 24 (one in FY 1986 and the other in FY 1988). Two Tactical Airlift units (one C-130A and one C-130E) will change series to the C-130H. The A-7 Combat Crew Training Unit at Tucson, Arizona will have F-16s added to its inventory, and the Boise, Idaho RF-4C Combat Crew Training Unit will increase its primary aircraft authorization from 6 to 12 aircraft. Finally, six units will upgrade their operational support aircraft by replacing their older C-131s with new C-12Fs.

As a result of our modernization efforts, Air National Guard flying units continue to make a substantial contribution to the total Air Force combat capability and will fulfill a large portion of force commitment during any future crisis. In FY 1986, the Air National Guard will possess 73 percent of the total Air Force Air Defense Interceptor forces; 48 percent of Tactical Reconnaissance forces; 32 per cent of Tactical Airlift forces; 25 percent of Tactical Fighter forces; 17 percent of Aerial Refueling forces; 14 percent of Rescue and Recovery forces; 15 percent of Special Operations forces; 24 percent of Tactical Air Support forces; and 2 percent of Strategic Airlift forces. In addition, 15 Air Guard flying units are tasked in Central Command (CENTCOM) plans.

The continuing emphasis on modernization and readiness has resulted in adjustments of the organization precedence ratings for all Air National guard units to equal levels with comparable Air Force units. This is in consonance with Department of Defense (DOD) policies, and places the Air National Guard on an equal footing in the DOD Logistics System with its active counterparts.

TRAINING

Our flying units make significant contributions to the Air Force as a by-product of realistic training. We participate as full partners with other components in overseas deployments, Joint Chiefs of Staff and Air Force training exercises, and Air Guard sponsored Composite Force Training exercises.

Our overseas deployments temporarily move entire flying units to theater locations along with ground support personnel, civil engineering, tactical control, and combat communication units. Such deployments furnish the Air Guard with realistic and valuable theater specific training.

The Air National Guard has tested several deployment concepts in order to validate wartime capabilities and maximize training dollars spent. For example, we recognize that air refueling assets will be extremely limited during wartime. Therefore, we continue to use an island hopping deployment concept moving a squadron from the Continental United States to Europe without air refueling. We successfully

conducted such a deployment in FY 1984, when we moved 12 A-7s from Michigan to Italy without air refueling. We believe this type of deployment is extremely important considering the likelihood of limited aerial refueling during contingency operations.

In FY 1984, the Strategic Air Command specifically requested support from tanker units that had been equipped with the new JT-3D engine. The improved performance capability of the reengined aircraft allows operation from shorter runways which are typical in the European theater. The reengined KC-135 can also carry (and offload during air refueling) more fuel over longer distances; in several cases, one reengined KC-135 replaced two older model tankers in refueling fighter aircraft deploying to overseas locations. I thank the Congress for their support over the last few years in providing the necessary funding to allow us to complete the KC-135 reengining program.

In the Southern Command region, the Air Guard maintains four A-7s on station at all times in defense of the Panama Canal. Our A-7s are supported by reengined Air Guard KC-135s; these reengined tankers, in addition to performing aerial refueling move personnel and equipment and free previously used C-130s for other taskings. We also maintain two Aircraft Control and Warning Radar units in defense of Puerto Rico, and we support airlift requirements throughout Central and South America with six C-130 aircraft, a mission we share with the Air Force Reserve.

In the past year, Air National Guard Tactical Airlift units provided support for 370 missions to Joint Airborne/Air Transportability Training (JA/ATT), an inter-service program for the wartime application of airlift. In this program, the various services and the Air Guard jointly develop common procedures for combat operations in order to attain and maintain wartime readiness.

The Air National Guard also supports the Army in exercises throughout the world. Joint training programs, such as at the National Training Center, Fort Irwin, California, provide joint training experience for both the Army and the Air National Guard.

To further the ANG fighting capability and familiarize our Air Guard personnel with joint operations, Composite Force Training exercises are conducted throughout the year. These exercises are sponsored and planned by Air Guard flying units, Permanent Field Training Sites, and active Air Force units. These exercises encompass all mission areas of the Air Guard and are developed for the specific purpose of providing realistic training for all participants.

As a further measure of the Air National Guard's global readiness and realistic training received, 12 Tactical Fighter and Reconnaissance units participated in 8 overseas deployments to Germany, Norway, Italy, Turkey, England and Hawaii in FY 1984. Three of these deployments were joint deployments where 2 or more units deployed together. This approach has reduced airlift costs, since the units share equipment and resources. Fourteen Fighter/Reconnaissance units are scheduled to participate in 9 overseas deployments in FY 1985.

Also in FY 1984, two Air National Guard Air Defense units deployed to Iceland to provide air defense coverage of the North Atlantic. During the course of the 4-week deployment, Air Guard interceptors responded to 22 air defense active air scrambles and intercepted 7 Soviet Long Range Bear bombers. Air National Guard RF-4s also fly real-time special reconnaissance missions to provide intelligence of certain sensitive areas.

In recognition of the increasing importance of electronics combat, the Air National Guard has developed a long-term project to design, build, and employ low-cost electronic warfare simulators. These simple, but effective, radar transmitting devices were deployed to Air National Guard gunnery ranges throughout the United States, and were used in large-scale exercises in support of readiness training for Air Guard, US Navy and Marine Corps aviators.

As a final example of our contribution to the Total Force and our nation, I recently had the honor of pinning astronaut wings on two Air Guard members. We currently have four astronauts, three of whom are Air Guard pilots and one is a weapon systems officer. The three pilots have been on Space Shuttle flights and the weapon systems officer will be on an upcoming flight. These professional airmen represent the high caliber and commitment of all of our over 105,000 Air Guard men

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and women. The nation can be proud of their dedication to readiness and willingness to serve as members of the modern militia. They are truly Americans at their best.

MISSION SUPPORT UNITS

FORCE STRUCTURE

Equally important to the success of the Air National Guard mission are our mission support units. There are 244 independent units heavily concentrated in the areas of base fixed communications, combat communications, weather, tactical control, engineering installation, civil engineering, medical and air base ground defense.

Base communications flights provide fixed communications support to our flying units. These units operate and maintain the base fixed and tactical telephone systems, base communications centers, ground-to-air radios, intra-base radios, high frequency radios and base cable plants. Many of these flights also have separate, deployable elements which support Strategic Air Command, Military Airlift Command and Tactical Air Command at alternate recovery bases in the Continental United States and at collocated operating bases in Europe.

Our 51 combat communications units are equipped and staffed to support the Tactical Air Forces. They provide specific communications service to forward deployed commanders and provide restoral service to the Defense Communications System. They are also equipped to provide terminal air traffic control facilities and services. In FY 1984, 15 combat communications units were tasked in Central Command (CENTCOM) plans.

A policy on allocation of new capabilities and replacement equipment has been implemented within the Air Force that will expedite the modernization of Air Guard Combat Communications equipment. This policy requires equipping units based on their primary mission area and insures Air Guard parity with the active Air Force.

The Air Guard has 39 weather flights and one weather squadron, most of which provide weather support to Army Guard and Reserve units. We do have one weather

flight tasked to support the Air Force Tactical Weather System. Weather units train with the Army units that they are tasked to support.

Our 31 tactical control units operate control and reporting centers and posts in addition to providing forward air control posts. All units have wartime taskings and quick response deployment schedules. Five units deployed to Europe in FY 1984 to support exercises in Denmark, Norway, and Italy. All our units now possess the TPS-43E tactical radar.

We also have three Aircraft Control and Warning squadrons that provide around-the-clock air surveillance radar coverage capability for Hawaii and Puerto Rico. In FY 1984, a fully automated Region Operational Control Center became operational in Hawaii and is operated and maintained by Air Guard personnel.

We now have two tasked units to provide equipment and personnel augmentation as part of the Joint Communications Support Element. The mission of these units is to support Joint Task Forces during contingency military operations or disaster relief and evacuation activities.

Our Engineering Installation (EI) squadrons are equipped and trained to engineer, install, relocate, remove, restore and accomplish on-site depot level maintenance on radars, antennas, cable plants, radios and teletype and communications centers. Our EI units represent the majority of the total Air Force capability for this type of work. Each year, these units accomplish a significant portion of the total Air Force EI workload.

Our Civil Engineering Flights are equipped to undertake construction, alteration and repair projects to sharpen their wartime skills as well as to complete urgently needed projects for their host base (either active Air Force or National Guard). A second Civil Engineering RED HORSE Squadron (Rapid Engineering Deployment Heavy Operation Repair Squadron Engineering) has also been federally recognized.

A Prime RIBS (Readiness In Base Services) expansion and realignment program scheduled to begin in FY 1986 will reduce the Air Force wartime shortfall in food

services and support by over eleven hundred positions. This will increase the Air Guard contribution to the total Air Force wartime food services and support requirement from 28 percent to 35 percent.

The Medical Service of the Air National Guard supports our 91 flying units in peacetime and fulfills the medical readiness requirements of the active Air Force for wartime planning. Our Medical Service consists of 91 medical units (71 clinics and 20 hospitals) as well as 9 Aeromedical Evacuation units (7 flights and 2 squadrons). Significant personnel increases are taking place in the Aeromedical Evacuation units with additional personnel in the program for our hospitals and clinics. These increases respond to enhanced wartime mission requirements for the Air Guard Medical Service.

Like their flying unit counterparts, our mission support units contribute heavily to the total Air Force combat capability. In FY 1984, the Air Guard will possess 70 percent of the Air Force combat communications forces, 60 percent of tactical weapons control, 12 percent of the weather reporting and forecasting forces, and 30 percent of the aircraft control and warning forces.

TRAINING

I have talked about the significant contributions our flying units make as a by-product of training. Our mission support units have also made impressive training advances. In the past three years, our combat communications units have deployed approximately 1,400 personnel to Europe, Honduras, Egypt, and Korea in support of major exercises. The combat readiness of these units will be tested again in FY 1985 by their participation in over 30 exercises and deployments worldwide.

Our Tactical Control units train at their home stations by participating in system-wide simulated exercises. As with combat communications, these units also play a major role in Joint Chiefs of Staff exercises. In FY 1984, our five deployments to Europe were the third in a series of deployments of tactical control units and demonstrated our global readiness as well as providing the units with realistic training. Six deployments have been programmed for FY 1985.

Two of our Engineering Installation (EI) units deployed to Europe in June 1984 and performed successfuly under simulated wartime conditions. An Air Guard EI unit also won the FY 1984 Air Force Communications Command "SHOOTOUT" competition with another Air Guard unit finishing in second place. "SHOOTOUT" is a series of competitive taskings undertaken by Air Guard and active Air Force units. Several exercises are also scheduled for Air Guard EI units in FY 1985.

Our Civil Engineering units also participate in Joint Chiefs of Staff European and Pacific exercises. A steadily growing trend of National Guard involvement in joint exercises has enhanced training and the Total Force concept.

Our Prime Ribs teams have supported Air Force requirements with deployments to Air and Army National Guard and Air Force bases in the United States as well as locations in Europe, Korea and above the Arctic Circle in Alaska.

READINESS

I am proud to report that again in 1984, Air National Guard units successfully demonstrated their capability to perform their wartime mission during Operational Readiness Inspections. These inspections are conducted using realistic wartime scenarios that inject stress and require unit commanders and staff to make decisions that closely approximate what would or could be done in an actual wartime environment. The majority of Air National Guard units including Flying, Combat Communications and Ground Tactical Air Control units now deploy from their home station to Air Guard Field Training Sites and other locations for their inspections. These deployments accentuate mobility training and experience in unit operations in unfamiliar environments and have materially enhanced unit readiness and capability.

MANPOWER

The Air Guard achieved a military end strength of 105,012 in FY 1984. This is the highest level ever achieved by the Air Guard. It is the sixth consecutive fiscal year that programmed end strength levels have been exceeded.

The Air Guard's FY 1985 end strength program is 101,221 drill strength and 6,469 AGR (Active Guard/Reserve) for a total strength of 107,690 with an average strength of 105,438. In FY 1986, we have programmed 103,590 drill strength and 7,269 AGR for a total end strength of 110,859 and an average strength of 108,700. This strength level supports approximately 99 percent of the Air Guard's projected wartime requirements.

Although the Air Guard has consistently exceeded programmed strength levels, many critical skills remain below acceptable levels. At the end of FY 1984, 54 percent of our vacancies were in hard-to-fill areas such as aircraft maintenance, munitions systems, aircraft armament, and security police. Additionally, the Air Guard has projected a growth of over 15 percent by FY 1990. Of this growth, 35 percent will be in such critical skills as aerial port, RED HORSE (civil engineering), medical and aircraft armament. We expect to continue to meet our strength goals but anticipate a greater challenge as our program strength levels increase and the recruitable population age decreases.

The Air Guard's recruiting program uses a precision recruiting approach. This approach keynotes recruiting for existing or projected critical skill vacancies. The overall responsibility for recruiting rests with the respective State or territory. The addition of a full-time retention force has paid off, as losses again declined last year for the sixth year in a row. We continue to focus on recruiting rated officers, medical officers, minorities and women. In fact, the percentage of women and minorities in the Air Guard increased again in FY 1984 for the fourth consecutive year. The continuation of recruiting and retention as co-equal programs has aided the Air Guard in meeting its end strength objectives as well as furthering our progress in reducing critical skill vacancies.

In its Total Force role, the Air National Guard is highly dependent on personnel who are competent and reliable. By recruiting a higher percentage of prior active and reserve components service personnel into the Air Guard, we retain the maturity and experience in the enlisted force and avoid the high cost of basic military training (BMT) and initial skills technical training. Since FY 1980, our

enlisted accessions have consistently demonstrated a 60 percent prior service and 40 percent non-prior service mix.

In April 1984, the Secretary of the Air Force established an FY 1985 female accession goal of 17 percent. The Air National Guard exceeded that goal in FY 1983 with 17.1 percent of accessions being female. In FY 1984, 17.5 percent of all ANG accessions were women. At the end of FY 1984, participation by women in the Air Guard increased to 10.8 percent of the force. It is also important to note that even during years when overall accessions were declining (i.e., FY 1980-1983), the rate of female accessions into the Air Guard showed a steady increase.

In FY 1984, the Air Guard exceeded its combined military technician and full-time military (AGR) end strengths. In FY 1985, we expect to fully meet our full-time end strength programs which are 937 higher than FY 1984 actuals. In FY 1985, our full-time personnel growth was originally programmed as all AGR. However, as a result of Congressional action, fifty percent of this growth was transferred from AGR to civilian technician authorizations.

Future manpower growth will contain a mix of technicians and AGR personnel. This mix will be determined based on the missions to be performed. The majority of our maintenance and support personnel are currently technicians and this type growth will be programmed as technicians in the future. Security, field training sites, ranges, detached alerts, recruiting retention and similar type programs which are military in nature will be programmed as AGR. We anticipate that our full time force will contain approximately 75 percent technicians and 25 percent AGR.

OPERATION AND MAINTENANCE BUDGET REQUIREMENTS

Operation and Maintenance funds are a key ingredient of force readiness. These funds are used to buy aviation fuel and flying hour supplies, perform depot maintenance on weapon systems and their components, maintain facilities, and pay civilians.

The following table shows the Operation and Maintenance, Air National Guard funding data for FY 1984-86.

($ In Millions)

Budget Activity	FY 1984	FY 1985	FY 1986
Mission Forces	$1,291.5	$1,343.6	$1,346.2
Depot Maintenance	404.2	362.8	362.5
Other Support	105.0	122.4	121.4
TOTAL	$1,800.7	$1,828.8	$1,830.1

The Air National Guard Operation and Maintenance request for FY 1986 increases by $1.3 million. This increase provides about 2 percent real growth over FY 1985 and is required to support the Air Guard's readiness and training requirements as weapon systems modernization continues in FY 1986.

Mission Forces. This budget activity funds our flying and mission support operations. The $2.6 million increase in the FY 1986 budget request represents a $31.6 million increase in program and $29.0 million decrease in prices. The program growth is primarily for aviation fuel and supplies to support a growth of 10,799 flying hours as well as maintenance and supply support for the Air Guard's new strategic airlift missions at Stewart Airport, New York and Jackson, Mississippi and new tactical fighter conversions at Kelly, AFB, Texas, and New Orleans, Louisiana.

Depot Maintenance. This budget activity finances the centralized maintenance and modification of aircraft, engines, other major equipment, and exchangeable subassemblies and components that are repaired or modernized at the Air Logistics Centers. The FY 1986 request is $.3 million below the FY 1985 level. This decrease represents a $5.5 million decline in prices and an increase of $5.2 million in program. The increase in program consists of $22.4 million programmed for depot maintenance on C-130 and F-4D aircraft partially offset by a $17.2 million reduction from FY 1985 for the one-time Congressional add-on for reengining KC-135 aircraft with the JT-3D engine.

Other Support. This budget activity funds for our operational support aircraft flying operations, operating costs of the National Guard Bureau Air Directorate, Real Property Maintenance, and Base Operating Support for the eight bases at which the Air National Guard is single manager. The $1.0 million decrease for FY 1986 is primarily in price growth.

SUMMARY

The Air National Guard has proven to be an integral part of the Total Force. The Air Guard exists to support U.S. foreign policy and national security objectives, while providing a State militia uniquely qualified for local disaster and public safety missions. Our responsibilities are truly global, national, and local, and each offers its own set of challenges for the future.

The Air National Guard is ready to meet these challenges. The capability of our citizen airmen to respond to the most demanding wartime missions is a matter of record. We appreciate the continuing strong support of the Congress. That support has permitted the Air National Guard to continue modernization and to make significant progress toward our goal of strength through readiness.

Mr. Chairman, this concludes my prepared statement. I will be happy to respond to any questions you may have.

STATEMENT OF MAJ. GEN. SLOAN R. GILL, CHIEF OF AIR FORCE RESERVE, HEADQUARTERS, U.S. AIR FORCE

General GILL. thank you, Mr. Chairman, for the opportunity to appear before the committee. I would like to make my statement available for the record; but I will sort of summarize, if I can.

I am pleased to report to you today that the Air Force Reserve is stronger than we have ever been. Every one of my units can be mobilized within 24 hours, and we can be deployed within 72 hours.

All of our flying units are combat ready with the exception of two, and those two units have C-130A type aircraft that are currently in depot maintenance.

Our retention is the best we have ever had. It is really outstanding. On recruiting—for the seventh year, we have gone through our floor, and we hope to be able to meet our requirements this year. This year will be the largest build the Air Force Reserve has ever had to go through; we will have an increase of over 4,500. It is tough, but we should be able to make it. We are continuing to modernize our force with C-5's unit equipped at Kelly Air Force Base, TX. I was with General Ryan, CINCMAC, to deliver the first C-5 aircraft on December 1, into Kelly. Also, we will bring C-141s into Andrews Air Force Base. We have F-16's at Hill Air Force Base; and KC-10 associate unit activating in North Carolina.

Also, we will receive C-130H's, which were added by this Committee last year, which will allow us to retire eight of those older C-130A models. But this will still leave us with 48, with an average age of about 28 years. We fully support the MAC long-range airlift plan, but we will have those 130's with us pretty much until about 1993 when the C-17 comes on board. I would like to reiterate that it is extremely important that that C-17 stay on track because if it does not, then we will be operating with some airplanes, C-130A's that are going to be even older than 37 years if we go past 1993 on trying to re-equip some of our units.

Most of our build, by the way, is in the support area rather than in the aircraft area. As my colleague General Conaway and I continually say, "Our plate is pretty full, but we can accept some small increases"; and, if we do, we think we should do that, not by going out and putting new units in, but by robusting existing units, such as 18 fighter airplanes to 24, and in some cases where we have 8 UE of C-130's or airlifters going to 16 UE units.

But I have over 400 support units, and the greatest build is in the support arena through the five year defense plan (FYDP), mostly in civil engineering, medical, and aerial port.

I would like again to thank this committee for their support. We were adequately funded in O&M for fiscal year 1985, and are running on track. We also have adequate funding in this year's request.

And I would like to again thank this committee for their support for the C-130H's and for the JT3D's that we share with the Guard, that is on track and going fine.

In summary, the Air Force Reserve is fulfilling its peacetime role, and is fully ready to accomplish its wartime role.

Thank you.

Mr. DANIEL. Thank you very much, General.

PREPARED STATEMENT OF MAJ. GEN. SLOAN R. GILL

Mr. Chairman and Members of the Committee: Thank you for the opportunity to submit for the record the Air Force Reserve program for FY 1986.

It is with great pleasure that I report that the Air Force Reserve attained an end strength of 70,318 in FY 1984, exceeding its programmed end strength of 69,880. All of our units are well-manned and well trained. All Reserve units can be mobilized in 24 hours and deployed within 72 hours. The keys to Reserve effectiveness have been, and continue to be, modern equipment, meaningful missions, our technicians and Reserve personnel and the strong support of the active force. Overall, I believe the Air Force Reserve is stronger than it has ever been.

As of January 1985, all but two of our equipped flying units were combat ready. Both of these squadrons have a large percenage of aircraft undergoing major depot level maintenance.

All six of our associate strategic airlift wings were combat ready, as were our two SAC Associate KC-10 units. In FY 1986, SAC will begin operation of the third KC-10 Main Operating Base (MOB) at Seymour-Johnson AFB, North Carolina. As with the existing KC-10 units, the Air Force Reserve Associate program will provide one-half of the total aircrew force for the KC-10 at Seymour-Johnson. This year the Air Force Reserve will begin providing maintenance manpower at all KC-10 MOBs, in order to provide wartime surge flying hour capability for the KC-10 force. Each of the three KC-135 tanker squadrons remains in combat ready status and has crews standing daily alert.

The Air Force Reserve will continue to pursue modernization of its airlift and fighter forces in FY 1986. This year we will continue with the conversion of our first equipped C-5 strategic airlift unit located at Kelly AFB, Texas. In FY 1986, we will stay at five Primary Aircraft Authorized (PAA) C-5s while continuing to train our people. Then in FY 1987, as new C-5s are procured, we will continue to build the unit to its full complement of 16 aircraft. Placing C-5s in the Air Force Reserve will reduce their peacetime flying cost and extend their service life because we will fly them less than the active force.

In FY 1986, we will also establish our first C-141 equipped strategic airlift unit by converting our C-130E unit at Andrews AFB, Maryland to C-141s. The C-141 has long been the backbone of the strategic airlift fleet and we are proud to expand our mission to the equipped role. We will provide 100% of the aircrews and maintenance personnel for our equipped strategic airlift units while continuing to supply 50% of the aircrews and 40% of the maintenance personel for the C-141s and C-5s in the associate fleet.

On the tactical airlift side, we will flesh out our only C-130H unit from six to eight PAA in July 1985 with the delivery of the two aircraft purchased for us in fiscal year 1984. The fiscal year 1985 procurement of eight additional C-130Hs will allow us to retire eight of our older C-130A models. The remaining 48 aircraft will average 28 years of age and are programmed to remain in the inventory until the mid 1990s when they are to be replaced by C-141s and newer C-130s displaced from the active duty inventory by the purchase of C-17s. This is a workable plan, but is obviously contingent upon timely procurement of the C-17. If the program is delayed, it will be very expensive, if not impossible, to maintain these 1950s technology C-130s. To preclude this from happening, I urge Congress to fully support the C-17 to eliminate existing airlift shortfalls and provide replacements for our A model C-130s.

Our fighter force remains constant in fiscal year 1986 with 216 PAA. The F-16 and A-10 help to keep the average age of our fighter/attack force down, but the F-4D is still the mainstay of our forces. As a result of Congressional interest and appropriation action last year, we will be able to increase the combat capability of these forces with the installation of low smoke engines and off-boresight AIM-9 missile capability. However, as with the C-130 fleet, out continued modernization depends on the procurement rates of new aircraft. Any cutbacks in F-16 and F-15 procurement levels will dictate that some of our F-4D aircraft remain in our inventory even longer than the currently programmed early 1990s. Our concern is that a gradual extension of force life does not allow proper lead time for required modifications to the F-4 and early model F-16 forces to keep them viable against the threat of the late 1980s and early 1990s. I urge Congress to support the goals and concepts of the Tactical Fighter Roadmap.

Our high level state of readiness can be attributed to our Military Technician program. Military Technicians (MTs), also referred to as Air Reserve Technicians (ARTs), perform a unique role in our total military force. They are full-time employees of the Air Force Reserve who provide day-to-day management of and training

support for Selected Reserve units. As a condition of employment, MTS are required to meet both civil service and military hiring criteria and must maintain active Reserve status in the Selected Reserve. This dual aspect of civil service employee and active status Reservist is designed to attract and retain highly-qualified individuals to the military technician program; to improve the mobilization readiness of Selected Reserve units by insuring continuity of service prior to, during, and after mobilization; and to guarantee the presence of these employees during an emergency. Because of the present mandatory separation and discharge provisions of sections 8848 and 8851, Title 10 USC, there are instances in which senior Reserve MTs are required to terminate their active status in the Reserve, even though they have not yet qualified for civil service retirement. Even though these persons are eligible for continued civil service employment, they are not eligible to be employed as Reserve technicians because they cannot meet the employment condition of active status in the Reserve. This condition presents a serious detriment to the Reserve program in that MTs who are separated from their military assignments, or who cease to hold the military grade specified for the position, must be continued indefinitely in the civil service position as "status quo". Those affected are not eligible to mobilize with their unit of assignment, yet they continue to encumber the full-time administration/training position.

In a conscientious effort to remedy the Air Force Reserve "status quo" problem, two actions involving proposed changes to legislation found in Title 5 and Title 10 USC have been initiated. Proposed changes to Sections 8335 and 8336, Title 5 USC, will permit the separation of "status quo" technicians as soon as they become eligible for an immediate retirement annuity. To assure MTs who lose their military status prior to attaining minimum age and service requirements for an immediate civil service annuity are maintained as military mobilization assets, a counterpart legislative proposal to Sections 8848 and 8851, Title 10 USC, was necessary. The proposed amendment to Title 10 will allow the Service Secretary to extend Reserve officer MTs to age 60, if necessary, so they remain as active military members until they reach civil service retirement eligibility. The proposed amendments to existing legislation in both Title 5 and Title 10 will provide a combat ready technician force and at the same time offer fair and equitable treatment to the technician regarding tenure in his/her civil service capacity. We were able to secure Congressional authority in the fiscal year 1985 DoD Continuing Resolution Authority (CRA) Appropriations Act, P.L. 98-473, to retain USAFR officer Military Technicians in an active status until age 60. However, this authority is temporary (30 September 1985) and permanent legislation will be pursued during the first session of the 99th Congress.

As Reservists train, they support requirements that would otherwise have to be fulfilled by active force resources. For example, in fiscal year 1984, Reserve crews of equipped units airlifted 11,998 tons of cargo, flew 96,631 passengers and air dropped more than 37,000 troops as part of their normal training missions. Additionally, Air Fore Reserve associate C-141 and C-5 units flew more than 82,000 hours, and our associate aeromedical evacuation units flew 2,436 missions, airlifting more than 80,000 patients. In an operation which began in 1977, we continue to share rotational duty in Panama with the Air National Guard in support of United States Southern Command. We provide six C-130 aircraft and seven crews six months each year.

Our Special Operations Reservists continue to provide outstanding rescue support for launches of the Space Shuttle mission at Cape Canaveral, Florida. For the ninth consecutive year, our weather reconnaissance group flying out of Keesler AFB, Mississippi, accomplished more than 70 percent of all hurricane missions in the Gulf of Mexico, the Atlantic and the Caribbean; last year we tracked 8 hurricanes/storms. Additionally, the unit assisted the Guam based active weather unit in tracking three separate storms in the Hawaiian Island area.

In FY 1984, Air Force Reserve rescue and recovery units flew 56 search and rescue missions and were officially credited with saving 26 lives. During this same period, the Civil Air Patrol (CAP) flew 1,978 search and rescue missions accounting for 151 lives saved. The Air Force Reserve continued to provide valuable assistance and advice for CAP activities such as cadet encampments, aerospace education workshops, and wide variety of other special activities, such as disaster exercises.

A reserve Military Training Squadron was established in 1983. This unit, at Lackland AFB, Texas provides military training instructors to support the basic training surge during mobilization. Also in FY 1984, the 46th Tactical Fighter Training Squadron (TFTS) was formed at Barksdale AFB, Louisiana. This unit performs pilot upgrade training in A-10 aircraft for the Air Force Reserve and the Air National Guard.

Only through our people's dedication to the role of citizen-airman and the support they receive from their families, their communities and the active Air Force can we accomplish our primary mission of training for mobilization. Our Reservists' talent, personal sacrifice and dedicaton to mission accomplishment were again proven during the many JCS and MAJCOM exercises and deployments such as OCEAN VENTURE 84 and REFORGER 84.

In the area of combat support and mission support activities, there are more than 400 Air Force Reserve support units. Many of these units, as part of their training activities, make significant peacetime contributions which assist in keeping the peacetime expenditure of the Total Force to a minimum. The Air Force Reserve provides 64 percent of the aeromedical evacuation units and 25 percent of the Air Forces' Tactical Hospital and Clinics. Currently Reservists contribute almost 60 percent of the aircraft battle damage repair capability with personnel in six Air Force Logistics Command gained Combat Logistics Support Squadrons. Also, the Air Force Reserve provides approximatly 20 percent of the Air Force civil engineering force and equipment and 50 percent of the Aerial Port Squadrons. The majority of our combat support programmed built from FY 1985 to FY 1986 is in the Civil Engineering force.

The Operation and Maintenance, Air Force Reserve appropriation provides for the day-to-day operating expenses of Reserve bases and units including the pay of civilian personnel, aviation and ground fuels, depot maintenance, real property maintenance, supplies and other expenses required to carry out the Reserve mission. This appropriation increases in FY 1986 by $26.4 million of which $29.0 million is price growth and −$2.6 million is program growth. If the FY 1985 Congressional adds for JT3D reengining (+$56.0 million) and F-4 upgrade (+$1.0 million) are taken into account, the real program growth in FY 1986 is $54.4 million. Requested programs increases are the result of a full year's operation of the C-5 aircraft conversion that occurred in FY 1985 plus additional units and mission changes to enhance readiness and wartime capability. The increases in FY 1986 occur in C-5 Strategic Airlift (+$19.7 million), KC-10 Tanker Cargo (+$11.4 million), A-10 Tactical Fighters (+$3.1 million), F-4 Tactical Fighters (+$2.6 million, C-141 Strategic Airlift (+$2.0 million), F-16 Tactical Fighters (+$1.2 million) and Civil Engineer, Aerial Port, Combat Logistics Support, Aeromedical Evacuation and Medical Service Units (+$3.0 million). Depot Maintenance program growth (+$8.3 million) is related to the addition of more modern, sophisticated aircraft to the Air Force Reserve inventory and increased structural repairs on the aging C-130 fleet. Increased base operating support and real property maintenance requirements support the more modern aircraft inventory and the continued expansion of the Air Force Reserve (+$2.8 million). These increases are offset by the one-time FY 1985 program costs to reengine KC-135 aircraft with JT3D engines and to modify F-4D Aircraft with low-smoke engines and AIM-9 off-boresight capability (−$57.0 million).

In addition to our unit program, the Air Force has a successful program to provide trained Individual Mobilization Augmentees (IMAs) to active force units upon mobilization. IMAs are members of the selected Reserve and are assigned to specific positions established in active force organizations and are trained and supervised by the active force. IMA requirements are identified by grade and skill as part of the annual wartime manpower planning process of the Air Force.

Reservists assigned to IMA positions are fully qualified in their Air Force specialties. As a result, these Reservists in fields as diverse as medical, legal, research engineering, maintenance and intelligence are able to assist with the day-to-day mission of their organizations while they are on inactive duty and active duty training periods. For example, some of the physicians performing physical examinations or prescribing medication on a typical Air Force base are IMAs performing their monthly or annual training.

As another example, IMAs in the intelligence field are producing standardized critical area intelligence summaries for postulated missions into selected countries. These summaries cover data on geography, population, weather, military capability, and lines of communication. In addition, intelligence IMAs support the Airborne Warning and Control System by analyzing electronic counter-measure systems employed against the E-3A Sentry aircraft.

We have attained 97% of our FY 1985 programmed strength of 11,973 IMAs in Pay Groups A, B and D. Category A Reservists are authorized 48 inactive duty training periods per year plus a 15-day active duty tour. Category B Reservists are authorized 24 inactive duty training periods per year, plus a 12-14 day active duty tour while Category D Reservists are authorized a 14-day active duty tour. For FY 1986, we are requesting an IMA strength of 11,899. The total Air Force requirement for approximately 19,532 wartime IMA positions is indicative of the importance at-

tached to this program. For the past few years, we have been working toward increased manning of these positions consistent with our ability to fund the program. Requests from the active force for IMAs to fill approved wartime manning positions always far exceed the funds available to do so.

I mentioned earlier the very favorable manning posture the Air Force Reserve has achieved and maintained. We started FY 1984 with 67,227 people and ended the year with an on-board strength of 70,318, a net increase of 3,091 people. We have maintained the quality of our force as evidenced by the fact that 97 percent of all non-prior service enlistees were high school graduates or equivalent. Our unit commanders and supervisors at all levels continue to take an active recruiting role. With their enthusiasm and hard work, combined with the excellent performance of our recruiting force, and a continued command emphasis on retention, we fully expect to meet our FY 85 programmed end strengths.

As in the past years, the recruitment and retention of qualified personnel in critical skill areas continues to be difficult. It is in these areas that we concentrate our incentive program to better recognize the economic realities of recruiting and retaining highly skilled personnel. The programs authorized by Congress for this purpose will allow the USAFR to improve operational efficiency and have a positive effect on recruiting and retention. With these resources, we will be able to attract and retain personnel in the critical skills we require.

In summary, while the war-fighting and readiness role of the Air Force Reserve continues to be an important element within the Total Force, we will continue to modernize our equipment, refine and improve our mobilization procedures, and recruit, train and retain the people needed to assure we are able and ready to fight at any time.

Before closing, I want to express my appreciation for the interest shown by this Committee in the availability of readiness equipment for our Reserve forces. Equally important to our Reserve men and women is the message it conveys of the support of Congress for their dedication and efforts.

This concludes my statement, Mr. Chairman. I will be glad to respond to questions.

TABLE 1.—DEPARTMENT OF THE AIR FORCE—AIR FORCE RESERVE PERSONNEL

	Fiscal year—							
	1984 (actual)		1985		1986		1987	
	End	Average	End	Average	End	Average	End	Average
Flying units	34,505	33,477	35,951	34,960	37,382	36,435	38,476	37,443
Mission support units	22,378	21,041	24,305	23,757	25,687	25,280	27,586	26,787
Individuals	11,633	11,523	11,973	11,738	11,899	11,614	12,449	11,966
Statutory tours	200	192	289	289	304	301	310	310
Recruiters	289	282	314	314	331	328	359	352
Non-prior-service enlisted program	1,136	1,163	1,625	1,470	1,425	1,270	1,425	1,270
Non-prior-service enlisted personnel awaiting training with pay	177	224	372	372	372	372	372	372
Total Selected Reserve	70,318	67,902	74,829	72,900	77,400	75,600	80,977	78,500

TABLE II.—DEPARTMENT OF THE AIR FORCE—AIR FORCE RESERVE FORCE STRUCTURE, FLYING UNITS

	End of fiscal year		
	1984	1985	1986
Equipped units:			
C–5 strategic airlift	0	1	1
C–141 strategic airlift	0	0	1
C–130 tactical airlift [1]	15	15	14
Aerospace rescue and recovery	4	3	3
WC–130 air weather service	1	1	1
CH–3E special operations force	1	1	1
AC–130 special operations force	1	1	1
KC–135 strategic refueling tanker	3	3	3
F–4 tactical fighter	5	5	5
F–16 tactical fighter	1	1	1
A–10 tactical fighter	5	5	5
Total equipped units	36	36	36
Associate units:			
C–141 strategic airlift	13	13	13
C–5 strategic airlift	4	4	4
C–9 aeromedical evaluation	1	1	1
KC–10A tanker cargo	2	2	3
Total associate units	20	20	21
Total units [2]	56	56	57

[1] Includes an aerial spray detachment of three UC–123K aircraft.
[2] These units also include over 250 support units such as consolidated aircraft maintenance squadrons, weapons systems security flights, mobility support flights, etc.

TABLE III.—DEPARTMENT OF THE AIR FORCE—AIR FORCE RESERVE FORCE STRUCTURE, MISSION SUPPORT UNITS

	End of fiscal year		
	1984	1985	1986
Combat logistics support squadrons	6	6	6
Aeromedical evacuation units	21	21	21
Medical service units/contingency hospitals	17	18	18
Aerial port squadrons	62	66	67
Civil engineering squadrons/flight	42	46	53
Civil engineering squadrons (heavy repair)	1	1	1
Communications security squadrons	2	2	2
Basic military training squadron	1	1	1
Numbered Air Forces (Reserve)	3	3	3
Total	155	164	172

Mr. DANIEL. Let's talk about the airplanes a little bit that I mentioned in my opening statement.

General Conaway, I believe you still have four of the T–39's; is that correct?

General CONAWAY. That is correct, sir.

Mr. DANIEL. Have they already gone beyond their service life? What is the status of those airplanes now?

General CONAWAY. Well, those aircraft are at Detachment 1 of the DC Air National Guard, sir. Detachment 1 also has two T–43 aircraft.

These aircraft are used for National Guard Bureau mission support, and team travel for the National Guard, the Military Airlift Command, and the Air Force.

Mission support to the National Guard units started years ago. You may know, the National Guard has one of the greatest needs in getting out to manage and work with the States and the units. We have over 4,000 Army and Air Guard units in over 3,000 communities. We probably have as many units as the rest of the Department of Defense combined.

So, that is the mission of Detachment 1. We are in the program, sir, and the Air Force is trying hard to modernize our four T-39's through the C-21 Lear Lease Program.

Mr. DANIEL. Do you agree with the Air Force Association—is that a top priority for you?

General CONAWAY. Replacing T-39's with Lears is one of our priorities as it is with Air Force also. But, when the Air Force went in for the option, they didn't get approval to pick up the additional 20, so we fell out of the program.

It is a saving to have an aircraft such as the C-21, plus it would standardize us with the Air Force fleet. Standardization is important because we do work for them as well as for the National Guard.

Mr. DANIEL. It is a high priority for you?

General CONAWAY. Yes, sir.

Mr. DANIEL. Well, tell us about the status of the 131's.

General CONAWAY. We have retired one C-131 in Puerto Rico which had some serious problems with corrosion. We now have a C-130 helping the Puerto Rico and Virgin Islands units.

We still have 32 C-131's to be replaced or retired. Six will be retired when the six C-12F's, appropriated for the Air National Guard by Congress 2 years ago are delivered this summer. There will be a very significant cost saving in operating costs.

We will retire six more when the six C-12J's appropriated last year by Congress, are delivered in a year or so. This will take us down to 20 C-131's left.

The Air Force has stepped up to the problem and is working with us to replace the remaining C-131's. There is nothing in the 1986 budget to replace them, but in the 1987 budget there is some money for six more C-12's. We still have a need but have no funding in 1986.

There is some funding in the 1985 appropriation to reengine two of our C-131's. The Air Force is looking at that at the current time and is——

Mr. DANIEL. What is your personal view about that?

General CONAWAY. Sir, my personal opinion is that instead of reengining the C-131 we should replace them either with new airplanes, such as the C-12, or with C-130A's that become available due to the procurement of C-130H's. The C-130A's would be placed strategically and geographically in those States that need an operational support aircraft larger than the C-12. Our last priority would be to reengine the 131.

We don't want to reengine because it is a 33-year-old aircraft, and we have potential ring problems, airframe problems, structural problems, avionics problems, and electrical problems that are going

to have to be worked. We would rather not do that to a 33-year-old airplane when you can purchase a new aircraft for less money.

Now, it is true the C-12 may not hold quite as many people or do as many things, but for those States that have a greater need, we can get C-130A's to replace their C-131's. So the answer is, "We don't want to do it."

Air Force also does not want to do it, and will probably ask to reprogram the money.

Mr. DANIEL. You mentioned the F-16. Where do you stand on the F-16's now?

General CONAWAY. Sir, we are being modernized with the F-16 as fast as the Air Force is able to provide airframes. The South Carolina unit is combat ready and Texas is starting their conversion this year, followed by Arizona, Florida, and Massachusetts.

Continental air defense for the F-16 is a new role and with the AMRAAM, all-weather missile, not being on schedule, the Air Force is going to have to modify some F-16's to cary the AIM-7 all-weather missiles to get to beyond visual range capability. We are programmed to have more F-16's in continental air defense, but we still have a lot of F-4s to get out of the inventory. Part of our problem in modernizing is that we have over 700 F4's in the Air National Guard inventory that are aging. Although they are still capable aircraft, and we are going to have to decide how many of those we spend money on modifying to meet the threat versus how many new aircraft we get to modernize the Air Guard fighter force.

Mr. DANIEL. What are your total requirements for the F-16?

Have you set a total requirement?

General CONAWAY. A total number? It will exceed 600 to 700 aircraft, sir; and that is what is probably programmed over the long range.

Right now, the F-16 will become our No. 1 weapons system in the 90's.

Mr. DANIEL. I understand it is meeting all of your performance standards; you are happy with it?

General CONAWAY. Yes, sir; it has. It has met them, and it is a very good and very capable aircraft. We would like to have more of them.

Mr. DANIEL. Mr. Spence.

Mr. SPENCE. Thank you, Mr. Chairman. I was thinking along the same lines about aircraft and you are also getting F-15s, is that right, General?

General CONAWAY. Yes, sir. We are getting two squadrons of F-15's in Georgia and Louisiana.

Mr. SPENCE. And you indicated that the F-4s, you still have about 700 of them, and they have been around for a long time.

General CONAWAY. Yes; some of them have but they are aging, and we are going to have to consider replacements. Air Force wants to replace them rather than spend a lot of money on modifications except for the F-4E's. We will get three F-4E squadrons this year, but there are not too many of them.

Mr. SPENCE. I have heard a lot of talk about the F-20. What is your thinking on the F-20? Do they compare with the F-16, F-15, favorably?

General CONAWAY. Well, sir, the F-20 is a very good aircraft. I cannot say anything bad about the F-20. I think it probably compares favorably to the F-16A, like South Carolina has. It is a very comparable airplane in capability. It probably does not quite come up to the F-15, but you know we are talking about the No. 1 fighter in the world when we talk about the F-15.

The F-16 and the F-20 both have great capability. These newer aircraft, like the F-16 and the F-20, really pay for themselves over the lifecycle, from now until the turn of the century. The savings in people, parts, and fuel is unbelievable with these state-of-the-art aircraft. So, it is an outstanding aircraft.

Mr. SPENCE. With the other F-20, how would you use that in the Guard, when you have an F-15 and F-16 now?

General CONAWAY. Sir, first of all, I must say the National Guard Bureau fully supports the President's budget for multiyear procurement of 180 F-16's a year; and 48 F-15's a year because if there is a decrease in procurement, the Air Force would really be hurt since we are on the end of the conversion schedule.

But we do need aircraft to modernize. if the F-20 came into our inventory, we would probably use it in the air defense role. the F-20 is comparable to the F-16A. I don't know they would compete pricewise, because I don't think there has been a competition. The Air Force strongly believes in competition. Obviously, we have benefited from competitions such as recent engine and fighter competitions. Competition might get us more fighters with the tight budget and ease the frustration we all have in modernizing the Air Force, the Guard and Reserve fighter force.

Mr. SPENCE. Thank you, Mr. Chairman. That is what I was mainly interested in.

Mr. DANIEL. General Gill, would you like to add anything to that or supplement it in any way?

General GILL. I think I agree completely with General Conaway. The F-20, everyone that I know of who is trained, says that it is a very good airplane and that any competition that could be brought in from that standpoint might be good, to get the proper high-low mix: it being the low end of the high-low mix. We have gone on record, both of us, in saying that we don't want aircraft in the Reserve and the Guard, that the Active Force does not have in their inventory; and I think that goes for whatever aircraft you buy, it needs to be an aircraft that is in the Active Air Force inventory as well.

Mr. DANIEL. Mr. Hutto——

Mr. HUTTO. Thank you, Mr. Chairman.

Mr. DANIEL. Before you commence, the Chair wishes to express appreciation to you for your help this morning. I was unavoidably delayed this morning, and I do appreciate your taking over.

Mr. HUTTO. I was glad to do it, Mr. Chairman, thank you.

General Gill, there has been a bill introduced. You may or may not be familiar with H.R. 1307. This calls for the establishment of an Air Force Reserve Special Operations Wing in order to tie together the disparate reserves special operations units to augment a DOD assistance to the drug interdiction effect during peacetime.

The Air Staff is working that issue for Secretary Weinberger now, and we understand that the affected Air Force Reserve units are eager to play a role in this mission.

I would like to ask you what has been your participation in this staffing effort to date, and what can you share with us about interim Air Force views on this particular subject?

General GILL. Yes, sir, I am aware of it, and I sent my Deputy, General Scheer, down to Miami with Assistant Secretary McCoy to one of the meetings on that subject. I have some information on it; and we are staffing it as you said, Mr. Hutto; the proposal is being worked in the Pentagon.

If the decision of the Air Force is that they want us to handle that mission, we will step up to it and do the job, sir.

The only question that I have been involved in is one of the recommendations was the P-3 aircraft, which is a Navy aircraft, and could possibly present some problems from the logistics and support manpower standpoints so we are looking at some other air frames that could be used to do that job; and, as soon as that decision is made, if it is that the Air Force and the Air Force Reserve should do it, we will step up to it, and do the job, sir.

Mr. HUTTO. Well, it's badly needed, and our chairman here has been active for a long time, I assume, with Mr. English of the Government Operations Committee. The drug problem is such that we have to try to score a knockout, and we would need to use all the resources that are at our command to do that.

General CONAWAY. Mr. Hutto, I might add that the Air National Guard has been included in most of these meetings and we've been asked to look at it also. We stand ready, like General Gill, to do whatever the Air Force and DOD want. The Air Guard has not been actively involved, although the Adjutant Generals and the Army National Guard have been heavily involved in several of the States, including yours; and we are not interested in the P-3, either.

But we are involved and Air Froce is working the issues.

Mr. HUTTO. I am glad that you are working that. Of course, I think the——

Mr. DANIEL. Would the gentleman yield?

Mr. HUTTO. Would you yield on that one point.

Gentlemen, as far as this Member is concerned, this is one of our highest priorities. We have an enormous problem with drugs, narcotics coming into this country, and not only would this be of great assistance to us in that area, but it seems to me that would be a good training ground for some of your people. I just hope that you all will support us in this effort. To repeat I do not know of anything any more important than the eradication of this terrible menace that is facing us.

General GILL. Yes, sir, as you know, the Active Force, and the Air National Guard, and the Air Force Reserve have been assisting in many areas. We have flown many missions and many hours in support of the drug interdiction effort already, and we have done that as a byproduct of our training. I am sure that that is the way that we would approach it in this mission.

Mr. DANIEL. Thank you, gentlemen, for yielding.

Mr. HUTTO. Thank you, Mr. Chairman.

Well, I don't think we would be so hung up on which aircraft if we knew it could do the job. I think the case could be made for the P-3, because of the experience they have had.

General GILL. Yes, sir.

Mr. HUTTO. The P-3 using the F-15 radar, and it has been very successful in that, so I certainly want to associate myself with the remarks of the chairman that this is a matter of priority. I don't think we can wait around on it; we will really have to get moving on it.

General CONAWAY. Sir, I think the only reason we are negative about the P-3 is because we have a lot of C-130's in the Guard and Reserve inventory, and it would be easier for us and the Reserve to install the F-15 radar in a C-130.

Mr. HUTTO. It was my understanding that they intended to transition to the C-130's; is that not true—Mr. Lunger has worked with us on this.

Mr. LUNGER. Yes, sir. In the early discussions between Secretary Weinberger and the Members of Congress, the suggestion was made that if this were a mission better suited to the C-130 airframe, the committee would interpose no objection to that.

General GILL. Well the Air Force is looking at that right now, and apparently, the C-130 can be modified fairly easily to accommodate the F-15 radar.

Mr. LUNGER. There was some talk, General Gill, also down in Miami about the HC-130 tanker aircraft in the Rescue Reserve.

General GILL. Yes, sir. I understood that.

Until there was a disruption in the melding of the two missions, the Special Operations Forces [SOF] and the Rescue Mission of the 23d Air Force, those aircraft were all going to be operated in dual mission squadrons, and they can accommodate themselves for that radar also, I understand.

Yes, any C-130 really of any model can be.

Mr. HUTTO. Mr. Chairman, could I ask you——

Mr. DANIEL. The gentleman is recognized for 3 additional minutes.

Mr. HUTTO. Thank you.

Mr. DANIEL. I took some of your time.

Mr. HUTTO. Thank you, sir.

General Gill, as you know, I am very proud of the 919 Special Operation Services Group at Duke Field in my district. I am concerned, however, over a situation—getting back to the C-130's that may be impacting adversely on the operation effectiveness and readiness of the C-130 Reserve Forces.

It is my understanding that the Air Force Reserve has planned to consolidate all their C-130 simulators at Duke Field, and I know we worked with you on that earlier.

General GILL. Yes, sir.

Mr. HUTTO. This would require some new construction, and as a member of the MILCON Subcommittee, I am attempting to move the $4.5 million project from fiscal year 1987 to this year's authorization.

The situation that concerns me is this: with the Reserve C-5's that you mentioned moving into Kelly Air Force Base, Air Force Reserve is planning to move its only C-130E simulator from Kelly

to Duke Field. But in order for Duke Field to handle this simulator, one of the two C–130A simulators at Duke must be either dismantled and stored to provide space for the C–130E trainer or a temporary facility must be constructed until the new flight simulator facility is constructed. The net effect of this action is partial loss of training capability in C–130A's.

In addition, AFRAS has some C–130B's, and the simulator in support of this aircraft is presently stored on Duke Field awaiting the construction of this new flight simulator facility.

My concern is over the training of our C–130 crews and the impact on their operational effectiveness and readiness status.

So, I would appreciate your commenting on this, and certainly we need your help in building the new flight simulator facility as soon as we can after the funds are approved.

General GILL. That is exactly right. We will be dismantling the C–130E simulator at Kelly in May of this year and moving it to Duke Field.

When we get there, the existing building that we have will only accommodate two simulators. We have two C–130A simulators in there that support the Air National Guard and us. What we would have to do, since the new building is not ready, we would have to take one of those A model simulators and dismantle it, which is going to affect both the Guard and the Reserve in supporting our C–130A air crews out there.

The new simulator building, if that could be moved up will accommodate all four simulators, which would be one E model simulator; the B model simulator that we already have in place but no room for it, and the two A model simulators.

If that could be moved up, it would certainly alleviate a training problem for both the Air National Guard and the Air Force Reserves.

General CONAWAY. Sir, the C–130 simulator issue is very important to us in the Air National Guard. I still have over 40 C–130A's and even with additional procurement and lead time for simulators coming in, we'll still have C–130A simulator training problems in the next decade, or at least the rest of this decade. We also have a problem with the C–130B and E simulators. We share regionally with each other since there aren't enough to go around.

Mr. HUTTO. I look forward to working with both of you gentlemen to get that expedited.

General CONAWAY. Thank you.

Mr. HUTTO. Thank you, Mr. Chairman.

Mr. DANIEL. Mr. Darden?

Mr. DARDEN. Thank you, Mr. Chairman.

Mr. Chairman, at the same time, the Research and Development Subcommittee is meeting, so I hope you will pardon my being late, but I am trying to cover both places here at once.

Mr. DANIEL. I appreciate your attendance.

Mr. DARDEN. General Conaway, General Gill, we appreciate your being here today.

First of all, I want to check on the status, of the F–15's at Dobbins.

General CONAWAY. As you know, F–15's going to Dobbins have been publicly announced. They are the second unit in the Air Na-

tional Guard to get the F-15's. New Orleans receives their first aircraft late this spring or early summer.

Dobbins will be about a year to 18 months behind them, with aircraft arriving in late 1986, or early calendar year 1987. They will start training people next year. Dobbins will be, right now, the larger of the two units converting from 24 F-4D's to 24 F-15's, and they will be the wing headquarters for Georgia and Louisiana. So, we are very excited about that very outstanding unit going into the world's number one fighter.

Mr. DARDEN. We are certainly excited to have them there, and I think we will all benefit by this.

I noticed in the budget here that there was a considerable amount of money set aside for structural repairs on the C-130A's.

How much of the cost of structural repairs as to the C-130A's could have been avoided in your depot maintenance request, if you are operating C-130H's instead?

General CONAWAY. Do you have a figure for that?

General GILL. No, I will have to furnish that for the record, Mr. Darden, but what has happened, mostly, is the C-130A's go in for the scheduled depot maintenance, and they find additional work as they do the inspection. Then the airplane stays in depot maintenance more than what it is normally scheduled in for.

I am sure there must be some way of estimating the additional cost, but I do not have it available to me, and I do not think anyone here has it.

We will certainly furnish it, and try to get that in soon.

[The following information was received for the record:]

STRUCTURAL REPAIRS ON THE C-130As

The combined Air Force Reserve and Air National Guard fleet consists of 122 aircraft: 112 C-130As, and 10 AC-130As. The major structural repairs currently being performed are as follows:

Repair	Unit cost	Cost through fiscal year 1985	Total program cost
Center wing (C/W)	288,000	28,000,000	35,136,000
Bulkhead fitting ("Porkchop")	28,000	2,716,000	3,416,000
Recurring annual costs:			
Unscheduled depot maintenance	81,000	1,948,800/yr (24 A/C).	
Outer wing rehabilitation	479,000	17,723,000/yr (37 wings).	

Experience indicates that the above cost information is generally understated by 35% to 40%; because as I testified above, there is a substantial amount of over and above work which is discovered while the aircraft is in programmed and unscheduled depot maintenance (PDM/UDM).

Based on the above, I submit the following comparison of the average annual depot maintenance cost per aircraft by mission design series (MDS):

	AC-130A	C-130A	C-130H (122 ac)
PDM Cycle	24 mo	42 mo	48 mo.[1]
(ac/yr)	5	32	30 a/c @ 48 mo. 24 a/c @ 60 mo.
UDM (ac/yr)	3	21	0.

	AC-130A	C-130A	C-130H (122 ac)
Costs:			
PDM (with C/W)	777,752	852,199	N/A.
PDM (without C/W)	489,752	578,540	464,493.
UDM	87,000	80,000	0.
Cost per MDS/	4,149,760 (C/W)	28,950,368 (C/W)	13,934,790 (48 mo.).
year	2,709,760	20,193,280	11,147,832 (60 mo.).

[1] Proposal pending to extend C-130H PDM cycle from 48 to 60 months.

The center wing program and the bulkhead fitting program will both be completed by the end of Fiscal Year 1986. Although these structural repairs should reduce annual depot maintenance costs, it is important to remember that the "A" model C-130 is a very old aircraft that will require more structural repairs in the future. There must be, therefore, a reasonable program for the replacement of all C-130A's in both the Air Force Reserve and Air National Guard.

General CONAWAY. It is many millions of dollars, but I do not know exactly how much. We can get that for you including all the other structural problems that we have with it, which is all subsequent to what we have already done, such as putting four-bladed props on them.

The C-130A's are making it so far, but of course, they do not have the range of today's C-130H's. The C-130A's and Hs are two different airplanes, and capability is so much more improved with the new C-130H; so we are going to keep the C-130A's operating until we can get replacements.

That is why it is so important either to have C-130H's right now, and it is important for the follow-on aircraft—the C-17. All this impacts our modernization.

Mr. DARDEN. Now, you have how many As, General Gill?

General GILL. I have 48 A models, and they will average about 27 years of age, and if we follow the MAC Master Airlift Plan, I will first start to take some of those out in 1992 or 1993, so, you know, if those are the same airplanes that are still here, even with the C-17 staying right on schedule, I will have some 37-year-old C-130's.

General CONAWAY. The Air National Guard has 48 C-130A's right now and will be down to 40 this summer, with the delivery of eight new H's going to Delaware.

General GILL. I have two more 130H's that will be delivered to Dobbins, to round out. They only have six 130H's there now, and those two will be delivered in August of this year, and they are on track; and that will bring them up to their eight UE C-130's.

Mr. DARDEN. To follow that same line, I understand that the C-17 has encountered quite a bit of problem in the Senate, too, so I am sure that is a consideration.

Next, I would like to ask you, how is the program to enhance the aircraft battle damage repair teams coming, and have we begun to develop any real capability online for that?

General GILL. Yes, we are.

We have made a lot of progress on Aircraft Battle Damage Repair. One of the things that helped us considerably was that AFLC has changed one of their training requirements which allows us to get our people into school at a lower skill level, and get them back out.

The manual—it is a different Tech Order Manual that you use to do battle damage repair than it is to do the normal repair for an

airplane. And those teams are all over the United States, and we have many of them who are taking over F-105 fighters, and et cetera—they shoot holes in them, and then go out and they repair them, according to the new Battle Damage Repair Manuals.

Everything seems to be on track, and they are moving in accordance with the plans.

General CONAWAY. We are looking at the same area. We are not into battle damage repair as heavily as the Air Force Reserve, but we are being asked by Air Force Logistics Command to look at it and how we could meld some of these into our existing fighters units and have a trained cadre there to augment and supplement the Air Force and Air Force Reserve teams. So, we are getting more involved.

Mr. DANIEL. Don't you think it might be advisable to do a study of that sort to see how we come down on cost effectiveness?

General GILL. Yes, sir.

General CONAWAY. Yes, it would.

Mr. DANIEL. As you two gentlemen have realized by this time, there is a great deal of concern in this committee about some of our aircraft and in particular as it pertains to operations, maintenance and readiness degradation; and I will direct the staff to develop a series of detailed questions on this matter.

We need to have the official position of the Air Force Guard on this matter for the record.

Mr. Spence, do you have any additional questions?

Mr. SPENCE. No.

Mr. DANIEL. Do you, Mr. Hutto?

Mr. HUTTO. No.

Mr. DANIEL. Do you, Mr. Darden?

Mr. DARDEN. Thank you, Mr. Chairman.

Mr. DANIEL. Thank you, Mr. Darden.

Just to follow on Mr. Darden and his question, we note that the foreign Air Forces have found it cost effective in terms of life cycle costs to phase out their old C-130A's, in favor of replacement by C-130H's.

Has such a cost comparison been performed in the Military Airlift Command or by the Air Force Reserve? Does anyone know the answer to that?

General GILL. I do not have any figures, sir, on what foreign air forces have done. However, I think the great majority of C-130A models are owned by the Air Rescue Forces. I think we have more 130A's than anyone in the world.

Mr. DANIEL. Mr. Lunger, do you have any of those questions prepared yet?

Mr. LUNGER. We have some of them; we can do it very quickly, sir.

Mr. DANIEL. OK. Why don't we do that then, and we will give you some others for the record.

It is a matter of great concern to this committee.

General GILL. We will be glad to answer them, sir.

Mr. LUNGER. All right, General Conaway, with respect to the Guard Association recommendation to take a nonstandard aircraft for the Guard, there are some readiness impacts that we are not

clear as to how they have been addressed as part of this Guard Association recommendation.

For instance, has any thought been given to what Air Logistics Center would pull maintenance on an aircraft that is not in the active inventory?

General CONAWAY. Air Force is looking seriously at the F-20 and I am sure there have been "what-ifs" if the aircraft is procured. As you know, the F-20 has been approved for foreign military sales to our allies. It is an aircraft that was looked at in the Defense Department; however, the Air Force has not yet established a high enough priority for it to be included in the budget. They know it is a good aircraft, but we would not want the F-20 just strictly for the Air National Guard inventory. The F-20 engine, however, is already in another aircraft.

Mr. LUNGER. In what aircraft?

General CONAWAY. In the F-18.

Mr. LUNGER. Oh, I see, so it is the Navy maintenance of the——

General CONAWAY. Yes; the F-20 and the F-18 have the same engine.

Mr. LUNGER. The National Guard engine. is that what that is?

General CONAWAY. Well, I don't necessarily like the words "National Guard engine." It would be an Air Force aircraft and maintained by the Air Force if it were procured because they would be in it with us, along with the Air Force Reserve if it——

Mr. LUNGER. I thought the Active Air Force said that they did not want to have any F-20's. I thought that is what the media has been saying here the last few weeks.

General CONAWAY. Well, they currently do not want any, but if some are procured for the Air National Guard, we would want the Air Force to be in the aircraft too. And whether they would come in at that point or not, we could work together on it.

Mr. LUNGER. Well, the Air Force had their source selection and their competition for their lightweight fighter, right?

And this is under the F-16, F-17 competition years ago?

General CONAWAY. Yes; but I do not know what all was in the competition. The F-20 was not there at the time to compete.

Mr. LUNGER. I see, but in other words, what the National Guard Association recommendation would be is that we have another lightweight fighter introduced into the force structure, in addition to the F-16 series? Is that what the——

General CONAWAY. Yes; that is their recommendation. I think it is based on their resolution from the States and the need for modernization with a number of F-4's, A-7's and A-10's that in the nineties will be aging.

Now, if I may say, what I think this can boil down to is whether it is the F-20, or more F-16A's, I think what the Guard in the field and the States see is perhaps the fact that modernization will not go at the pace that it has been going at, in the past few years. With us going primarily to F-16C and D production, we are getting more of the higher end of the high-low mix with the F-16.

So, we will stop receiving F-16A's as we stopped receiving A-7's and A-10s, which are all at the lower end of the high-low mix. The F-20 is a very capable aircraft with some characteristics slightly different than the F-16.

The F-20 has some excellent characteristics for Continental Air Defense, as Mr. Spence was asking me. But I guess the main frustration from the field and their push with the association is they do not see 220 fighters a year in our Defense budget as sufficient to modernize the Air Guard. They also see F-4's past the turn of the century. I do not know what the best way to get there is.

Mr. LUNGER. Well, from a readiness point of view, what you have to do is to consolidate all F-16's for worldwide deployment of the total force, and then have a stay-behind, or stay-at-home F-20 for separate missions.

General CONAWAY. Do you mean, like in Air Defense?

Mr. LUNGER. No, it's just that what we are trying to do now is to have a total force concept in which the Guard, the Reserve, and the Active Force fly the same airplanes and the same missions.

I guess what you are saying is that we would segregate these additional aircraft here at home.

General CONAWAY. I do not know about segregating but a good mission for the F-20, if it came in, is in the air defense role. It is a good mission for the Active Air Force as well, with some of their units. The No. 1 priority is that we would like to put all the air defense units in F-15's; however, there are not enough F-15's to do that. So, then, we go to the F-16's.

If we put some of the F-16's in Air Defense, we have to take them away from modernizing the worldwide deployment force in order to do air defense because there are only a certain number of total fighters.

The problem is compounded by the fact that for the first time in 25 or 30 years, it is time to modernize Continental Air Defense; and we have barely been buying enough fighters to stay even with the worldwide deployment force, buying nothing for air defense. The crunch comes in that we have to do air defense with 11 or 12 squadrons and at the same time keep the worldwide deployment force units going.

Mr. LUNGER. So the F-16, then, wouldn't be deployed if the committee decided to visit your Air National Guard units in Norway in early September. Will the Richmond unit be there?

Mr. DANIEL. Could you send them in July? [Laughter.]

General CONAWAY. Sir, we will look at that.

Mr. DANIEL. Sir, I was there in August, at the forward deploying area of the Air National Guard, and it is not bad in August. [Laughter.]

General CONAWAY. I think you are OK until the middle of September.

Mr. DANIEL. Thank you, sir.

General Conaway, for the record, would you expand on your statement regarding the Air Guard participation in the JCS Joint Exercise Program, and comment on the Trainee Bennett Bit that you are flying in Honduras and Egypt as compared to more traditional deployment of Europe and Korea.

General CONAWAY. I will, sir.

[The following information was received for the record:]

JCS JOINT EXERCISE PROGRAM

As an integral part of the total force, Air National Guard units have a responsibility for readiness on a global scale. This responsibility dictates that, like our active duty counterparts, we must train the way we will fight. Variations in theater environment such as terrain, climate, and local demographics require the development of effective operating procedures and tactics for specific locations. True integration into the total force can only be accomplished if we are permitted to train as we will be expected to fight, in the locations where we will be expected to fight. JCS exercise participation in the Caribbean area and in Southwest Asia provides our units an opportunity to train in theater conditions vastly different than those in Europe or Korea. While participation in Caribbean and Southwest Asia theater exercises by Air National Guard units represents a small fraction of our total training program, the relative proximity of the Caribbean Basin (and its attendant reduced airlift requirements) make exercise participation in this region one of our most cost-effective sources of realistic training.

In FY 85, 250 Air National Guard personnel from 4 units will have trained in Honduras and Southwest Asia in support of 4 JCS exercise.

Mr. DANIEL. Thank you.

Well, thank you very much. We appreciate your attendance.

General GILL. Thank you, sir.

General CONAWAY. Thank you.

Mr. DANIEL. Our next witness this afternoon is Lt. Gen. Laverne E. Weber (Ret.), executive director of the National Guard Association of the United States.

General Weber, on behalf of my colleagues, I want to extend a warm welcome to you in your first appearance before this subcommittee—in your new role, that is.

As you are aware, the Readiness Subcommittee has always enjoyed a close working relationship with the National Guard Association, and we are looking forward to continuing that association during your tenure as executive director.

You have some big shoes to fill, but I am sure you will grow into them.

And please proceed as you desire. We are glad to have you with us again.

General WEBER. Thank you, Mr. Chairman.

STATEMENT OF LT. GEN. LAVERNE E. WEBER (RET.), EXECUTIVE DIRECTOR, NATIONAL GUARD ASSOCIATION OF THE UNITED STATES, WASHINGTON, DC

General WEBER. I am delighted to be back with this committee and in the new role representing the National Guard Association of the United States and its 56,000 members.

I had the good fortune of being present this morning for the committee deliberations, and was pleased with the comments of Chairman Hutto, as he commented about the improved readiness of the Guard and the Reserve, as the result of new equipment that largely this committee has provided.

We are deeply grateful for that.

I would like also to identify and talk to one of his statements because it is very critical to what we are talking about in the Reserve Forces, and that was, he used the term "readiness capability."

READINESS

Later, during the hearing this morning, sir, the readiness issue was discussed at great depth. It is my judgment that the word "ca-

pability" is the key issue here, and one that we should talk to, and think about and address as we talk to the issue of readiness.

And, Mr. Hutto, it is my judgment that—and I would say this in furtherance of General Went's comment this morning from the Marine Corps, when he called our readiness reporting system an "administrative report," I would call it a "statistical report."

It deals with numbers in most instances without explanation. It is very difficult to convert those numbers into real unit capability; and I am eager to see what comes back from the Secretary of Defense as the result of congressional tasking last year, to ask them to look at the readiness reporting system, across the board, and see if it does, in fact, evaluate true readiness.

Now, we do, among the services use different procedures to address the issue of readiness. I think the real issue is capability, and not to overburden the committee on the issue, but our present system on the Army side, if we have one of our units with M48A5 tanks, at C-1 or C-2 status and we give them M-1 tanks, they immediately go from C-1 or C-2 status, to C-4 or C-5. And indeed with respect to many of the indicators, that may be true; but we would all know that the capability of that unit and that new piece of equipment far exceeds that of the old equipment.

So, indeed, as we talk to readiness and its relationship to the issue of new equipment for the Guard and Reserve, it is very, very important, I think, to our membership, through our resolution process; and so what we are addressing with the Congress are those resolutions as we have been able to interpret them and place them into action documents.

Dealing with the issue of equipment—and we cannot talk to that, really, without talking to force structure—our position continues firm, that we are happy with the structure in the Army and the Air Guard. We are not happy with the equipment fills that we had, or the shortfalls that still exist; and therefore our position is that we would not like to see additional structure coming into the Army or the Air National Guard until the units that we now have are, or until we know that the program to get the proper vintage equipment in the proper numbers to meet deployment schedules.

Attached to my full statement is a listing of our equipment priorities, and I would like to take just a moment to talk to those. Let me emphasize, as you look at those equipment shortfalls that we have listed for both the Army and Air Guard, that they are not listed in priority.

The first issue I would like to talk to is that of air defense weapons for the Army National Guard. Of our eight battalions of air defense, seven of them are equipped with very, very old Dusters that are not deployable, and, Mr. Chairman, you have one of those battalions in the State of Virginia.

Mr. DANIEL. Yes, sir.

AIR DEFENSE

General WEBER. So, we just must do something about our air defense capability, and specifically as it relates to the hardware.

As the committee is well aware, the Divad gun is undergoing tests this month, and during the month of April out at Hunter-Leggett, and we will await the results of that.

In the meantime, we are interested in additional Chapparals coming into the Guard, and then later the improved VULCAN, as the Divad comes into the Army, that the improved VULCAN would come into the Army National Guard.

The next item we would like to talk to specifically is the M-113 family of vehicles. This is very critical to us in that when everything that we now see on the horizon for procurement for the Army, for the Army National Guard, and the Army Reserve is completed, we are still going to be about 3,500 of these vehicles short, in the Army National Guard.

The sensitivity issue is that, probably prior to the end of 1987, the line will no longer exist. So, in our judgment, we need to keep the M-113 production line open to assist us in addressing that 3,500 shortfall.

Next, talking to our aircraft for the Army Guard, and more specifically those that are engaged in the fighter role, with the 1,072 AH-1S Cobra attack helicopters already produced, and with the 675 Apache 64 attack helicopters now in production, we will have only 1,747 attack helicopters available to the entire Army.

And that leaves the Army National Guard 200 short; so, we are vitally interested in that program, as well.

Additionally, we have a unique requirement for a somewhat nonstandard airplane for our purposes in the M-500D, which is a replacement helicopter for the 04-6. I can say very little more about that, without getting into a classified mode, which I would be happy to discuss with the staff or members of the committee at a later hour.

We have 1000 UH-1H helicopters, and UH-1V--these are cargo helicopters. We have 1,000 of those in our inventory. They are all getting extremely old, and we need some Black Hawks to come into our program to replace those.

We now know of only 85 Black Hawks that are programmed to come into the Army Guard to address that shortfall of 1,000.

With the equipment that we are getting, another major issue of ours, although not necessarily a subject for this committee, has to do with facilities. As we get this equipment, we do need facilities in which to provide storage, and to provide for security, another aspect of dealing with the equipment.

Now, Congressman Montgomery is undertaking some initiatives in this area, which he talked to this morning during the deliberations of this committee, and we wholeheartedly support his initiatives.

In the area of what I will call administrative support aircraft for the Army National Guard they are in obsolete T-42's, U-8's, and U-3's fixed-wing aircraft. We have some C-12's. They are coming along very slowly, not nearly rapidly enough to address the total requirement.

And requirement has just been recently identified in the Army National Guard for two C-12J models, the model that General Conaway addressed a little earlier. We need those for the Army

National Guard, for the unique distances and flying conditions in Puerto Rico, and in Hawaii.

We will be very appreciative if this committee would address that subject.

The Congress has provided the Army Guard, since 1982, $400 million for the purpose of procuring ground combat equipment; $350 million of that has been committed, in the areas of howitzers, trucks, communication equipment, medical items, and artillery fire support equipment.

As we talk this morning to the issue of communication equipment, it was my good fortune to have served for 14 months at Forscom headquarters as a deputy commanding general for mobilization readiness.

As we look, Mr. Hutto, at the issues that you discussed this morning, as we at Forscom looked at it, not only is communication General Walker's No. 1 equipment issue, as he stated this morning, but it is my judgment, and from the Forscom point of view—and I am not speaking for General Senewald, only my recollection from my time there—that the No. 1 inhibitor to mobilization readiness and deployment readiness in Forscom is communication.

In fact, it is doubtful that we could have deployed at that time, 2 years ago, with the equipment we had, primarily because of the generation gaps of one piece of equipment with another, and the inability of one piece of equipment to talk to another.

We at the association are most supportive of the Army's multiple subscriber equipment issue, that was partially funded by Congress last year. This is a major, major program using off-the-shelf equipment to the tune of about $7 billion, a total package, that the Army is looking for, and we wholeheartedly support that.

Turning to the Air National Guard, General Conaway talked to these issues earlier. We do have a requirement for modernization. I would say this, only in furtherance of what General Conaway stated this morning, or earlier this afternoon—the F-4's are getting very, very old.

NEED TO MODERNIZE

As we now know, there is absolutely no program to replace the RF-4C's that are in the Air National Guard. We will be stuck with those old C models beyond the year 2000 in our program, extended planning annex, as we know it today.

But, it is very, very important that we bring to your attention the requirement for modernization of the Air National Guard, and more specifically, talking to the total F-4 family, a very expensive airplane to operate; a very effective airplane, but expensive to operate and one that is getting very old.

The information that I get is that to modernize, "rehab," if you will, the F-4, that it will be more expensive than to buy possibly some other types of new aircraft.

So, this is a major problem with us in the tactical fighter business.

We are interested in supporting the Adjutants General in dealing with their support requirements as General Conaway discussed

earlier; the C-131, the possibility of the C-12J—he is getting some of those, the C-130A models.

We will be very interested in working with this committee and do what we can to help on that.

Chemical munitions was discussed at great detail this morning, and I will not talk to that any further other than to tell you that the association is most supportive of the programs that General Walker outlined to you this morning.

Mr. Chairman, we at the association are most grateful to you and this committee for all that you have done for the Army and the Air National Guard in the past. We appreciate it very much, and we look forward to working with the committee and with you individually, in the years ahead.

Mr. DANIEL. Thank you, very much.

General WEBER. I will be happy to respond to any questions you have, sir.

Mr. DANIEL. Thank you very much, General. As usual you covered your subject so well, you did not leave any questions for me to ask.

PREPARED STATEMENT OF LT. GEN. LAVERNE E. WEBER (RET.)

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to appear before you today to present the views of the National Guard Association of the United States on the readiness of the Army and Air National Guard.

THE ROLE OF THE NATIONAL GUARD

Your National Guard has never been more important to this nation than it is today.

With the initiation of the Total Force policy nearly 15 years ago, in the Summer of 1970, Guard and Reserve forces moved into a new era in terms of a role in the U.S. national strategy

Today, the Guard and Reserve is counted upon as a full partner in the Total Force. The current national strategy envisions that in a moment of crisis for our country, the Army National Guard and the Air National Guard will have their units "on the line" alongside active counterparts in a matter of days after mobilization.

The Total Force Policy, which has been characterized by the phrase "increased reliance on the Guard and Reserve", is aptly illustrated in several ways. First, there is the fact that today eight of the combat divisions of the active Army contain Army Guard Combat brigades and/or combat battalions within the division's peacetime structure.

Second, the U.S. Air Force cannot accomplish its peacetime mission without the active participation of the Air National Guard. In looking at a possible wartime situation, it should be remembered that 68% of the air defense interceptors and 70% of the combat communications units—to use but two illustrations—are provided by the Air Guard.

Army and Air National Guard units are tasked in war plans developed in response to defense strategy directed by our national command authorities. In short, this nation absolutely requires a well-equipped and well-trained National Guard, if it is to be fully capable of fighting and winning any future conflict.

In order for the National Guard to meet all of its wartime deployment objectives, it must be manned, equipped, trained and properly led. Transportation assets needed for overseas deployment of the Total Force must be available. If any of these requirements are neglected, the wartime capability and reliability of the Total Force will suffer. Increased personnel manning, an influx of new equipment, and intensified training demands are all the consequence of increased readiness requirements placed on National Guard units.

As we stated last year, the National Guard Association does not recommend any reduction of the active Army and Air Force. We believe both forces are currently smaller than needed to meet the threat to our nation, and we fully support the re-

sources requested in the President's FY86 Budget to man, equip and operate the Army and Air Force.

The NGAUS also continues to recommend that the force structure for the Army and Air National Guard should not be expanded unless the current National Guard force is programmed to be fully resourced with required manpower and modern, deployable equipment.

The readiness of all of our military forces is seriously threatened by the current overwhelming Soviet advantage in chemical warfare. Although the ability of National Guard units to survive and operate in a chemical environment has improved in recent years, those units would only function at 60% or less of full wartime capacity in such an environment. Only a national effort to obtain a modernized, safe chemical retaliatory capacity is likely to deter use of chemical weapons and promote and effective chemical weapon ban.

The basic philosophy and goals of the National Guard Association are contained in the attached NGAUS 1984-85 Position Statement and NGAUS Goals and Objectives. Our specific proposals for FY86 are outlined below.

ARNG EQUIPMENT REQUIREMENTS

Attached to this statement are National Guard fact sheets which discuss equipment requirements. Our most urgent requirements are addressed in brief in the following paragraphs:

Air defense weapons systems

There are no deployable air defense weapons assigned to seven of the eight existing Army National Guard air defense battalions. In September of 1984, 12 Chaparral air defense missile systems were diverted from active Army resources and placed in a New Mexico National Guard air defense battalion. A fully organized Chaparral battalion requires 36 missile systems to be able to perform its wartime mission.

As part of the FY85 Defense Budget, the Congress authorized and funded procurement of 12 additional Chaparral air defense missile systems for the Army National Guard. The Army Guard air defense program desperately needs additional Chaparral missile systems to overcome its shortage of deployable weapons.

In 1984 we told this committee that procurement of the Sergeant York division air defense gun would allow displacement of deployable Product Improved Vulcan air defense guns from active Army units to Guard air defense units. Since that time, the Sergeant York program has been delayed. The National Guard Association urges continued testing of the Sergeant York, and if testing proves the weapon system to be a success, we urge that production continue so that urgently-needed air defense gun systems can be transferred from active Army units to the Army National Guard.

The M-133 family of vehicles

The M-113 Family of Vehicles includes several types of combat vehicles, all derived from the M-113 armored personnel carrier. Total Army National Guard requirements for all types of M-113 family of vehicles, to include M-113 armored personnel carriers, M-901 Improved TOW Vehicles, M-577 command post carriers, and M-981 FIST-V fire support team vehicles, total 3,500 vehicles. At this time, no procurement of M-113 family of vehicles will occur after 1986. When all production ceases in 1986, there will still be a Total Army shortage of about 7,000 vehicles in the active Army, and the Army National Guard. Consideration should be given to continuing production of the M-113 family of vehicles until all shortages have been overcome. The National Guard Association urges that a program be established to fill Army National Guard M-113 family of vehicle requirements over the next ten years, and in particular to fill the shortages of 1,705 armored personnel carriers, 516 improved TOW vehicles, 274 command post carriers and 478 fire support team vehicles.

Attack helicopters

Almost 2,000 attack helicopters are required to completely equip active Army, Army Guard and Army Reserve attack helicopter units. Current programs indicate that 1,072 AH-1S Cobra helicopters will be utilized as the low end of an attack helicopter high-low mix. A total of 675 AH-64 Apache attack helicopters are being procured to provide the high end of the attack helicopter fleet. When all programmed AH-64s are produced and all AS-1S and AH-64 are allocated to Total Army attack

helicopter units, the Army National Guard will still be short over 200 attack helicopters.

M-500D special operations helicopters

An Oklahoma ARNG flying unit is of unique design, capable of accepting a special mission if properly equipped. To enable this unit to accept the mission for which it is designed, a requirement exists for 25 M-500D helicopters, equipped with weapons systems and special operations devices. No such aircraft have been provided and the designed mission cannot be met.

Cargo helicopter

The UH-60A is the Army's latest, most advanced cargo helicopter. The Army National Guard is only scheduled to receive a total of 85 of those aircraft over the next five years. The Army Guard currently operates over 1,000 cargo helicopters, of which only four are modern UH-60A's. All of the rest are Vietnam War model UH-1H's and UH-1V's, most of which are over 20 years old. There is an urgent need to upgrade the Army Guard cargo helicopter fleet.

Simulators

The Army Guard and Army Reserve provide almost 50% of the wartime strength for the Total Army, yet their training time, training facilities and equipment are limited. Simulators and training devices would be of tremedous value to Guardsmen and Reservists in helping to overcome those limitations. Current Army simulators and training devices are designed for use at major training centers with maximum utilization by large groups of soldiers. Low cost simulators and training devices suitable for use in the armories and training centers of the Guard and Reserve are urgently required to maximize the use of available training time and to increase the overall readiness of those units.

ARNG ground combat equipment

In FY82, the Defense Authorization bill included language which announced the intent of the Congress to provide $400 million for Army Guard ground combat equipment over the following several years. In 1982, $50 million was provided for that purpose. In FY83, another $50 million was added. In FY84, $100 million was included, and in 1985, $150 million was added. Even after application of these additional funds, the Army Guard continues to suffer shortages in howitzers, trucks, communications equipment, medical equipment and artillery fire direction devices.

Fixed-wing aircraft

The Army National Guard has a requirement for 85 modern fixed-wing aircraft. Today, it has 12 C-12 and 14 C-21 modern aircraft, while the remainder of the fleet consists of obsolescent U-3s, U-8s and C-42s. Additional procurement of four C-12 aircraft for the active Army would allow four modern U-21s to drop out to the Army National Guard and replace some of the older aircraft now on hand. In addition, there is a need for dedicated procurement of two C-12J aircraft for assignment to the ARNG in Hawaii and Puerto Rico, to meet the extensive over-water flight requirements in those locations.

ANG EQUIPMENT REQUIREMENTS

Air National Guard flying units must be fully manned, trained and equipped during peacetime to insure their wartime augmentation effectiveness. Ninety-one Air National Guard (ANG) flying units are fully manned with professionally trained and competent aircrew and support personnel. However, the full mobilization augmentation potential of these units is seriously degraded by shortages and/or obsolescence of primary mission equipment.

Thirty-one tactical fighter, reconnaissance and interceptor units have aircraft averaging 20 years of service life. They are technologically obsolete and would have only marginal mission effectiveness and/or survivability in any modern conflict environment. Nineteen units with primary air-to-ground missions are equipped with moder A-10 and still capable A-7D aircraft. However, only a few have a full complement of 24 aircraft assigned. One unit equipped with F-16 aircraft provides the only viable air combat capability in the ANG program. During the next 15 years approximately 1,000 aircraft will be required to modernize ANG tactical fighter, reconnaissance and interceptor units. Twenty airlift and 13 refueling units are assigned only 60% of the aircraft authorized for like-type active Air Force units. The remaining seven units, with special support-type missions, are reasonably equipped.

We are pleased that some robusting is being made possible by congressional action in approving the procurement of new fighters for the Air Force and by the designation of specific F-15 procurement for the Reserve Forces. However, no substantial improvement can be expected in the ANG equipage situation in view of the increasing size of the USAF tactical forces, periodic transfer of aircraft programmed for Reserve Forces to U.S. allies, and continuing low procurement rates of new production aircraft.

Current Air National Guard equipage problems can only be solved by continued procurement of C-130H's and a substantial increase in the procurement of F-16 and/or other multi-role tactical fighters such as Northrop's new F-20A. The F-20A combines high performance, high reliability, and low maintenance requirements at a substantially lower cost than other contemporary aircraft.

Tactical fighter/interceptor force

The Air National Guard contributes 68% of the total air defense fighter interceptor and 25% of the tactical fighter force. However, four interceptor units remain equipped with the 25-year old F-106s and seven units are equipped with F-4C's and F-4D's, now an average of over 19 years old. The tactical fighter force of the ANG is currently equipped with over 55% of F-4 aircraft, with an average age of over 18 years. The F-4 is an expensive weapon system to operate, and is in need of several modifications to maintain its wartime effectiveness. To robust ANG fighter units and make progress toward the required 40 tactical fighter wings an annual procurement level of 276 aircraft is essential. Only 150 F-16s and 42 F-15s will be produced in FY85 and 180 F-16s and 48 F-15s are requested in the FY86 Budget.

The NGAUS has conduted a study of the suitability of the Northrop F-20A as a replacement fighter for the air defense and tactical fighter role. The results were highly encouraging. The F-20 combines high performance, high reliability, and low maintenance requirements at a substantially lower cost than other contemporary fighters. Initiation of a procurement program to provide up to 300 F-20 aircraft to fill the air defense role would enable the Air Force to robust and modernize other ANG tactical fighter units. The F-20 should also be considered as a future candidate to help robust the Total Air Force to the required 40 tactical fighter wings. The NGAUS also supports an increase in F-15 and F-16 procurement to speed up ANG robusting and modernization. Without additional procurement, the tactical fighter force shortages will continue into the foreseeable future.

Tactical airlift aircraft

Modernization of the ANG C-130 fleet must continue because:

There is no planned replacement of the C-130 in the tactical airlift role.

The DoD decision to buy C-5/KC-10 strategic airlifter does not remedy the shortfall of intratheater airlift.

The C-130A's presently assigned to the ANG lack the capability to meet the airlift requirements of the Total Force.

The Air National Guard and Air Force Reserve are currently performing 64% of the Total Force tactical airlift requirements. Nearly 36% of their tactical airlift inventory are 112 C-130A's, averaging nearly 28 years of age and being the only operational C-130A's in the world.

In FY78, testimony by the National Guard Association before the Armed Services Oversight Committees requested a program for orderly modernization of the ANG's tactical airlift squadrons. Congress initiated an add-on program in FY78; and, over the last eight years, Congress has continued to provide modern C-130H's for the Air National Guard and the Air Force Reserve (56 for the ANG; 16 for the AFR).

It is imperative that the congressionally-initiated add-on program for new C-130H's be continued to ensure modern Guard and Reserve Forces capable of meeting Total Force airlift requirements.

Replacement of operational support aircraft [OSA]

Congress appropriated funds for replacement of Air Force OSA CY-39A's in FY84. The Air Force Competitive selection resulted in the lease of 80 C-12A and 40 C-12F aircraft. The four ANG CT-39A's were omitted from the replacement schedule. The CT-39A's are aging resources and are rapidly approaching airframe service life limits and structural modifications would be necessary to extend their life. An immediate requirement exists to replace the four ANG CT-39A's with C-21A follow-on OSA jet aircraft.

Replacement of mission support aircraft

An immediate requirement exists to continue the congressional procurement initiative for six additional C-12J aircraft in FY86.

Modernization of rescue units

The HH-3E helicopter in the current inventory is becoming increasingly difficult to support due to age and lack of spare parts. A total of 18 HH-60A's is needed to modernize the two ANG combat rescue groups. An immediate goal is to procure 8 PAA aircraft (HH-60A) plus one BAI aircraft in order to convert one unit.

Weapons systems upgrade

Recognizing that the ANG will of necessity be flying older, less modern aircraft while the active force will be flying the modern sophisticated aircraft, we believe that older ANG aircraft should be upgraded. Upgrading of older aircraft extends the useful combat life of the aircraft and maximizes the combat potential achieved from the original investment. Following are a series of weapons systems upgrade which will enhance the effectiveness of the original investment in the weapons systems.

Forward looking infrared radar [FLIR]

Congress appropriated additional funds for modifying three squadrons of A-7s for under-the-weather night attack system (FLIR and automatic terrain following) in FY83, FY84 and FY85. All ANG A-7 units are assigned a night attack mission. This program needs to be extended to provide at least another squadron set in FY86.

A-7 IIR Maverick modifications

There is a requirement to modify A-7 aircraft to slave the IIR missile to the target aiming symbol in the pilots head-up-display. This feature would greatly increase the probability of target acquisition and missile lock-on. Modification of all FLIR equipped aircraft is required.

A-7 night vision cockpit lighting

Pilots flying the A-7 FLIR aircraft wear night vision goggles for light intensification at night. As a result, cockpit lighting must be adapted for compatability. This modification is required for all FLIR aircraft.

RF-4C self-protection modifications

Two modifications are needed to provide means of self-protection to the RF-4C reconnaissance aircraft. The first would provide an AIM 9L/M missile capability, and the second would modify the photo flash system so that the RF-4C would have a self-protection chaff and flare dispensing system. Both of these capabilities are currently found on almost all other fighters.

F-4 ADTAC radar

Availability of the ADTAC radar would modernize F-4 air defense squadrons with a modern pulse-doppler radar (look down/shoot down) capability for employment of AIM-7 FM missiles. This is the same capability found on the F-15A and F-18A. With the modification, the F-4 capability to perform the air defense mission would be significantly improved, which is essential in the absence of early ADTAC fighter replacement.

Communications equipment

ANG combat communciations units (70% of Total Air Force capability) and tactical air control units (55% of the Total Force capability) are all tasked for rapid worldwide deployment. There is an immediate requirement to procure CE&M equipmnt valued at approximately $25 million. This will allow procurement of the more critical items of equipment. Remaining Table of Allowances shortages and equipment modernization requirements for ANG CE&M units are in excess of $60 million.

FEDERAL SHARE OF COST OF ARMORIES

The law requires that the cost of new armory construction be shared between the federal government and the states at a 75/25% ratio. The states must also provide the land, provide site preparation and bring utilities to the property line plus 100 feet. Following construction and acceptance, the states acquire ownership of the armory and are required to maintain the armory at state expense and make it available for military use for the next 25 years.

State legislatures are often hard pressed to appropriate the funds required to both construct and maintain armory facilities. Last year, congressional action provided

some relief to the states. A change in law authorized 100% funding of armory expansion projects required as a result of changes in DoD construction criteria or standards relating to the execution of the federal military mission assigned to the unit using the facility.

We urge the Congress to consider cost sharing of major maintenance projects for armories. As armories age, major repair or replacement costs for such things as leaking roofs, faulty plumbing or aging heating systems mount up rapidly. Often states defer the repair or replacement of aging major maintenance items because funds which otherwise might have been available for that purpose had to be used to absorb the sharp rises in the cost of heating Guard facilities over the past few years. The National Guard Association of the United States strongly urges the Congress to provide funds to share in the cost of major maintenance of National Guard armories, to include such specific items as repair or replacement of roofs, heating systems or other utility systems. The National Guard Association recommends that the major maintenance costs be shared 50% federal and 50% state, in recognition of the expanded demands and utilization for federal missions.

Another area in which increasing, unplanned costs must currently be met by the states is the expense of providing additional space within existing National Guard facilities for added full-time personnel. The Total Force requirements for increased readiness of Guard units are being met by increasing the numbers of full-time personnel assigned to Guard units. These full-time personnel perform the day-to-day tasks which must be constantly attended to so as to ensure unit early deployment availability by making available training time more productive and effective. The tasks which they perform are directly related to the federal mission. The full-time employees are on the federal payroll; yet office and work space for those employees must be provided within existing facilities by the state. Funding for heat, light and other support in their work areas must also be provided by the state. The National Guard Association of the United States strongly urges that the provision of space, utilities and communciations support of full-time federal personnel, performing a federal mission in existing armories, become a federal responsibility, and that full funding for that purpose be provided by the federal government.

The estimated cost of providing full support for Army Guard full-time federally paid personnel and 50% of the cost of major armory maintenance projects in FY86 is $33 million.

SUMMARY

Mr. Chairman, we support the Army and Air Force procurement programs, but feel that they are inadequate if we are to make any progress in reducing the critical combat equipment shortfalls. We are grateful for past support of the Congress in providing resources over and above the budget request. We urge that your subcommittee favorably consider continued robusting and modernization of the Army and Air National Guard by authorizing the following items in addition to the equipment requested in the President's Budget.

ARMY LIST

Item

36 Chaparral Air Defense Missile Systems.
18 AH-64 Apache Attack Helicopters.
16 UH-60A BLACK HAWK Cargo Helicopters.
11 M-500D Special Mission Helicopters.
190 M-113A3 Armored Personnel Carriers and M-577 Command Post Carriers.
60 M-901 Improved TOW Vehicles.
229 Pintle-Mounted TOW on M-113 Carriers Upgraded to M-901 ITV.
50 M-981 Fire Support Team Vehicles.
RDT&E of $2M for ARNG/USAF adapted simulators and training devices.
125 Improved TOW Vehicle Turrent Trainers.
612 Avanced Target Simulators to Train TOW Gunners.
Procurement of $50M ARNG Ground Combat Equipment.

AIR LIST

Item

54 F-20A Aircraft.
24 F-15 Aircraft.
24 F-16 Aircraft.

18 C-130H Aircraft.
12 FLIR Modification Sets.
96 A-7 IIR Maverick Modifications.
4 C-21A Jet Aircraft.
6 C-12J Aircraft.
9 HH-60A Helicopters.
96 Night Vision Cockpit Lighting for all FLIR A-7's.
132 Self Protection Modifications for RF-4C's.
F-4 ADTAC Radar for one ANG fighter group.
Communications Equipment—$25 million.

We also urge that your subcommittee consider the impact of the increasing number of full-time federally paid support personnel and the expanded federal mission requirements of the Army Guard and approve $33 million additional operation and maintenance funding as the federal share of armory operation.

Mr. Chairman, we recognize the serious problems associated with a large budget deficit. While resources devoted to national defense must be held to a minimum, we feel providing equipment and resources necessary to maximize the wartime capability of our Guard and Reserve forces will provide the most cost-effective capability possible.

Mr. DANIEL. Mr. Spence, do you have any questions?

Mr. SPENCE. No, I was about to say the same thing, Mr. Chairman.

I do want to just comment that I am very mindful of the good job that the Army National Guard and the Air Guard do, and my home state of South Carolina think last year the Army Guard was tops in the country, and, of course, our Air Guard was the first unit to get F-16s. So, I am very proud of them, the job they are doing and all of our Reserve Forces.

And I thank you for what you are doing, General.

General WEBER. Thank you, sir.

Mr. DANIEL. Mr. Hutto?

Mr. HUTTO. I just want to commend the General on the excellent statement, and also on their support for the Guard and the Air Guard. It was tremendous—very good statement. Thank you.

General WEBER. Thank you, sir.

Mr. DANIEL. Does the staff have any questions?

Mr. LUNGER. One quick one, Mr. Chairman.

Maybe, General Weber, maybe you could help us out. Did the Source Selection Committee at the National Guard Association, when they came up with the fighter plane recommendation, consider the cost of logistics tail that would go with that?

Was that a part of their recommendation which led to the resolution?

General WEBER. Mr. Lunger, if I may.

The resolution came first.

Mr. LUNGER. Yes.

General WEBER. The resolution came at our annual conference, and it was from that resolution that our president, General Matera, created the Tactical Fighter Task Force, chaired by Major General Gerard from the State of New Jersey.

They are chartered to look at the total TAC fighter family of aircraft, if you will.

Inasmuch as we had the resolution, specifically on the F-20, it was General Matera's desire that the task force address the F-20 first. And therein came the actions on the F-20.

That has been pretty thoroughly worked by that task force. Two of our pilots have flown the F-20; they have written reports, which

I hope that you have. If you do not, we will certainly get those to you, wherein they highly recommend the F-20; and what they, in effect, did was validate all of the claims that Northrop had made, and that includes the logistical tail.

Now, to talk to the issue, as you discussed it with General Conaway earlier, we have not done that. Possibly, that is something that we should dig into now and ask General Gerard to expand his study to deal with that.

Mr. LUNGER. I would just say that from the point of view of this subcommittee, Mr. Chairman, flying the aircraft and everything is fine, and I am sure the Procurement and Research and Development Subcommittees would be very interested in that. I am just wondering from the standpoint of authorization for the separate air logistics system to include special tools and tooling and test sets, and all of those things that are attendant to introduction of a separate system into the Force.

And I just wondered, as a part of the recommendation that you are making whether that had been included in your initial consideration?

General WEBER. Not in the same context that you discussed it with General Conaway, and I will discuss that with General Matera and General Gerard, and see if we cannot get you something more definitive in that area.

[The following information was received for the record.]

The National Guard Association Tactical Fighter Task Force has taken a further look at the logistics requirements for the F-20, and based on information currently available, believes the aircraft can be supported within the standard Air Force supply system.

The reliability and maintainability of the F-20 results in significant improvements in maintenance manhour requirements and in the level of supplies, spare parts and support equipment requirements. Most of the parts for the F-404 engine and 95 percent of the F-20 support equipment is currently in the DoD inventory.

The Task Force considered the built-in test capability of the F-20, the engine parts tracking system, the easy accessibility of components and the minimal peculiar support equipment, and concluded the aircraft will be easier to maintain than other contemporary fighters, resulting in maintenance manpower savings. The proposed logistic concept should also result in little, if any, increase in Air Force Logistics Command manpower to manage depot repair and inventory.

The introduction of any new system into the Air Force does, of necessity, have some impact on the USAF's total logistic system. However, the Task Force considers that the design of the F-20 aircraft and its supporting logistics system minimizes this impact.

Mr. DANIEL. Any other questions?

Mr. LUNGER. Thank you, Mr. Chairman.

Mr. DANIEL. Thank you very much, General. It is always a joy to see you.

General WEBER. Thank you, sir.

Mr. DANIEL. The next witness is Rear Adm. James E. Forrest [Ret], executive director of the Naval Reserve Association of the United States.

This is Admiral Forrest's third appearance before this subcommittee. We are glad to have you back. Our relationship with your association has been very productive in addressing priority to Naval Reserve requirements over the past two years, and we look forward to your continuous assistance in the difficult months ahead.

We are glad to have you with us, Admiral, and please proceed as you desire.

STATEMENT OF REAR ADM. JAMES E. FORREST, USN (RET.), EXECUTIVE DIRECTOR, NAVAL RESERVE ASSOCIATION OF THE UNITED STATES, ACCOMPANIED BY CAPT. CHARLES BUESNER, USNR (RET.), DIRECTOR OF LEGISLATIVE AFFAIRS, NAVAL RESERVE ASSOCIATION

Admiral FORREST. Thank you, Mr. Chairman. I am glad to be here.

I would like to ask our director of legislative affairs, who is Captain Buesner, to summarize our written testimony here today.

Mr. DANIEL. Captain, we would be pleased to hear from you.

Admiral FORREST. Now Captain Buesner has spent 30 years in the Navy and a Navy pilot. He spent 8 straight years in the Pentagon in the Office of Deputy Chief of Naval Operations for Air Warfare. And his last tour of duty was as commanding officer of the Naval Air Station at Willow Grove.

So I feel he is quite qualified to answer any question you have a little later in this area.

Captain Buesner.

STATEMENT OF CAPT. CHARLES BUESNER, USNR (RET.), DIRECTOR OF LEGISLATIVE AFFAIRS, NAVAL RESERVE ASSOCIATION

Captain BUESNER. Thank you.

Mr. Chairman, committee members, I appreciate very much the opportunity to provide testimony for your consideration today.

This testimony also represents the views of the Naval Enlisted Reserve Association, and we ask that it be included in the record.

Mr. DANIEL. Without objection.

TOTAL FORCE PLANNING

Captain BUESNER. The role of the Naval Reserve in total force planning and mission assignment has increased significantly over the past several years. This mission migration has enabled the Navy to retain a full spectrum of war fighting capability at a considerable savings to the taxpayer. The interest and guidance of the Congress during this period has been instrumental in developing this effective mix which meets the requirements of our national defense at the minimum cost to the taxpayer.

The Naval Reserve Association, while supporting these total force initiatives, has consistently maintained that to be a ready and effective combat force, reserve units must be equipped with capable, maintainable, and deployable weapon systems. The NRA consequently reviews readiness not only as an assessment of reserve personnel manning and training, i.e., a C rating, but more importantly, a measure of the basic capability of the assigned weapon system to meet the wartime threat.

Total force mission assignment is easily and quickly attained. As a matter of fact, in some cases, it is an administrative transfer. However, hardware procurement and modernization has proven to be more difficult to achieve. Even today, when more missions are

being proposed for the reserves, the NRA is deeply concerned about the war fighting capability of some existing units.

The fiscal year 1985 budget provided significant add-ons to modernize reserve F-14s, to procure UH-60 combar SAR, search and rescue, helicopters, to equip reserve mobile construction battalions, and improve our ASW, acoustic sensor systems.

Unfortunately, some of the serious combat readiness deficiencies these add-on funds started to correct were not addressed or funded in the fiscal year 1986 budget request. Therefore, although the fiscal year 1985 budget was a good start, the Naval Reserve still has ships and aircraft which lack systems needed to make them capable of war fighting platforms.

Consequently the NRA has recommended buys to be included in the fiscal year 1986 budget in order to continue the modernization program begun last year. Our prime consideration perhaps rests in two areas, our ASW capability and our combat SAR capability.

Our combat SAR, when we talk about capability right now, consists of three units that this committee provided a UH-60 buy for last year. They are currently flying the SH-3 Alpha, a 20-year-old helicopter, and the HH-1Ks, which were rescued from the Vietnam scrap heap, and I know because I did it when I was in OP-05.

MODERNIZATION PROGRAM

They represent 100 percent of the Navy tactical combat search and rescue capability. They are C-1 right now, but if mobilized they would not be deployable. They are nonsurvivable in a hostile environment. We propose and support, consequently, the addition of four UH-60s this year in the budget to continue the transition and modernization begun by your add-on last year. We understand that the Navy budget for next year is going to pick up the procurement at somewhere between a 3 and 6 level and continue on with the transition.

While I am talking about that particular subject, in the deliberations where you recommend that the combat SAR and HAL missions be combined and consolidated, that was approved by the Navy hierarchy. However, in the planning that is currently going on, there has been a force erosion in that area in the sense that one squadron was dropped and the total UE aircraft requirement was changed from 24, which currently is on board now, to 18.

We view with a little concern that the combat SAR resources would be reduced in the time frame when the deployable carrier battle groups are increasing, and we feel that at a minimum the total combat capability in this area should be maintained at three dual-mission squadrons of eight aircraft apiece.

Our second problem is our ASW frigates. We now have fast frigates, FFG-7s, coming into the reserve forces, and they are fine ships. The problem is they have a five-nautical-mile sonar. They are not equipped with towed-array. Another problem is they have not yet achieved even one of the Lamps 1 helicopters necessary for the mission accomplishment of these ships. They were designed for towed-array and two Lamps 1 helicopters aboard these ships.

The towed-array we understand is going to be provided for in the budget submit this year, and we totally support that effort, because

that will make them at least start to be capable. The Lamps 1 helicopters are being procured in 1985. The last of the line is indicated to be in the 1986 budget submit. This will not meet the requirement to flesh out the decks of the available FFGs, nor will it supply the airframes necessary to put aboard the Coast Guard converted cutters. Those conversion has already been funded.

Consequently, we would like your consideration to reprogram some of the existing $69.9 million into long-lead-time items with a view toward keeping the Lamps 1 helicopter line open next year.

Our biggest problem, perhaps, involves our land-based maritime patrol aircraft, which basically face block obsolescence in the midnineties. We are faced with an inventory now that is totally P-3A and -B aircraft. Most of these P-3A/B aircraft were bought in the midsixties, and their 28-year lifespan expires in the mid-1990's.

To compound this, the buys were large in those years, some 35 and 40 airplanes a year. Consequently the demise is large in the midnineties, some 40 airplanes a year. If we do not start addressing the problem now, we feel that when we get close aboard, the magnitude of the problem is going to be so large that we are going to be forced into a pragmatic reduction in force levels. We do not think this is very prudent in view of the capability of the force, which is probably one of the best segments of the Naval Air Reserve, and also we do not think it is prudent in the time frame when the Soviets are putting better and more quiet submarines to sea.

We like the idea of being in the ASW business. These squadrons—there are 13 in the Reserves, which would be reduced to 7 unless we address this problem—spent 42 weeks deployed to the Azores and Japan last year. That is a considerable amount of deployed time, fulfilling this country's operational requirements in far places. They are deployed de facto almost every night and every day. As a commanding officer of an air station with 2 of those squadrons aboard, very often out of the 18 planes assigned, I would look down the flight line and there would only be 6 or 8 left on the flight line on a Tuesday morning in the middle of November.

So I want to point out that these aircraft are gone and doing the mission on a daily basis. As a little aside, I would like to point out that they are very efficient in the sense that there is little training simulation required. The Soviet submarines themselves provide the training vehicles we use, so we will not be asking you for any help in that area.

The other problem with this is right now if we wanted to procure enough P-3 Charlies to obviate the loss of these older aircraft, we would have to procure them at a rate of 22 per year between now and the midnineties. We recognize that at $37 million a copy this is not an attainable fiscal procurement goal.

So consequently our recommendation is this area is two-prong. One is a slight enhancement of the current 9-per-year buy to 12, with the provision that the 3 additional airplanes be put into the reserves directly in accordance with the horizontal integration plan. And No. 2, that we consider putting these aircraft under multiyear procurement. Since we are committed to a rather large inventory replacement, we feel it would be in the best interest of all

concerned to go multiyear and get the 10- to 12-percent savings inherent in that type of a contract procurement.

ACOUSTIC PROCESSOR

Second, for the older aircraft that in effect, are going to have to be maintained in an operational status through the nineties with some of the P3A/B's still being in the force, in 2005 and 2006, we are recommending that we develop a next generation acoustic processor enhancement.

Now, if you recall, last year the House side provided additional funds at $7.5 million for an acoustic display update for the P-3A and -B aircraft, AQA-7, if I am not getting too technical for you. We propose that an additional $10½ million be provided this year for an acoustic signal processing enhancement to go with that display upgrade. The reason why we are proposing it this year is because we would like to see the necessary reliability and evaluation testing done now while we have the time so that a competitive production option can be really considered in the 1988-89 timeframe when things are going, in our view, to get desperate relative to upgrade.

We feel that that is money well spent, and if you recall the generic history of the AQA-7, the current model is the V-11/12. The original was a baseline AQA-7, and they have gone through five, six, seven, eight separate incremental steps all of which have increased the equipment's capability, and all of which have been necessitated by the increase in capability and difficulty in finding the Soviet submarine threat. And we look at this as a relatively low-cost option to keep these old airplanes at least comparable to fleet updated models in the acoustic segment of the ASW problem, which basically is the heart.

If you cannot hear them and you cannot find them, you cannot do much without that as a basic capability.

The other problem is that these airplanes, the older ones, the P-3A's and -B's, are incapable of accepting programmed acoustic updates planned by the Navy. The problem is in the system, is in the airplane design and in the gross weight involved in the airplane, and obviously a function of age and cost comes in. For the P-3Bs, that are heavyweights, the cost of the Update 3 has been estimated at about $18 million a copy. As these airplanes approach the end of their service life. The update we are proposing is for the ones that are lightweight, B's and A's, is this acoustic update and we have indications it can be purchased and procured at 300K a copy for the older aircraft only, and give them a fairly comparable acoustic capability with the Update 3.

The O&MNR account we regard, both last year and this, as being adequate for the attainment of a decent readiness posture in the Reserves. We are looking at this year, which will give us 84.4 primary mission readiness in air and provide about 14½ days, ship steaming days, per quarter. We think that that is an adequate profile, and we support the Navy's budget in this area.

One of the areas that we find hard to swallow is a reduction of almost $8 million in the maintenance of real property for the Naval Reserve. Having been a CO of NAS, Willow Grove, which

first was constructed in 1942. The very low profiles of military construction, Naval Reserve, over the years, make the maintenance of real property is a very, very critical part of a commanding officer's operating budget. These buildings, some of them that we are talking about, are—my goodness, they are older than me almost. But the maintenance of real property becomes an essential part of keeping the whole operation going, because these buildings have to be kept on line for 5, 6, 7, 8, 9, 10 years before the military construction backlog for the Naval Reserve air stations replace them with new construction. We strongly recommend consideration be given to restoring this $7.9 or almost $8 million reduction from last year, because we regard it as quite critical.

Looking down the pike, we feel that people retention is going to be the key to our continued capability to support the national goals. We view with a certain amount of alarm the decreasing manpower pool of the young folks that all of us are going to face here in the late to mideighties. And having spent 30 years in this people's outfit, we believe that we should hedge our bet right now by doing everything we can to make the force attractive and to increase retention.

We would much rather—we feel the secret in success of this Reserve Force is retention, both from a training aspect, from a capability aspect, and in reduced numbers of just fewer people available in a pure numbers aspect.

So we consequently supported very strongly the initiatives that Congressman Montgomery has proposed in this year's legislative menu, and strongly support and urge your support and your cosponsorship for their passage.

A particular poignant note, perhaps, can be added by me in this area. When I was commanding officer of the air station, we had a Marine H-53 crash on one of the LPH's. One of the young pilots, he was in his late twenties or early thirties ended up burning to death. While the pilot's widow with two small children was provided basic survivor benefits, because he was on active duty under a set of orders that specified active duty for less than 30 days, she was denied commissary and exchange privileges and was denied medical care.

We feel that this type of low-cost denial of benefits is absolutely uncalled for in this day and age of increased reliance on the Reserve Forces, particularly when you look at that case that very well could have had an active duty member sitting in the seat next to him, and his wife would have gotten full benefits. Once you pay the survivor benefit plan which is right, it would seem to me to be rather petty not to let the woman buy toothpaste in the exchange. And yet that is the state of the public law and the regulations that exist right now.

And so we urge your consideration to make all of these type of things based on a line of duty criteria rather than a capricious and arbitrary 14 days, 30 days, or more than 30 days criteria. Because in fact, under the total force, we have people in that category of less than 30 days that are in the same hazardous conditions of people that are on active duty, and we feel the loss to their survivors is identical.

Again, the most significant problem is, as we see it, impacting on the readiness and war-fighting capability is the block obsolescence of our P-3A/B aircraft. This situation if not corrected will result in the loss of significant numbers of our squadrons. The two-pronged approach that I discussed earlier is our rational approach to a cost-attainable modernization program.

We particularly solicit your support in this area, and I included our positions in more detail as an annex to our written testimony today.

Mr. DANIEL. This will be provided for the record, without objection.

Captain BUESNER. Mr. Chairman, I thank you and the committee for hearing me today. I solicit your continued support, and I would be very happy to work with everyone that is desirous of my input in this area for the remaining part of the year.

Mr. DANIEL. Thanks for the statement, Captain. We appreciate your attendance.

Tell me why we cannot perform SLEP Program on the P-3A and P-3B aircraft.

Captain BUESNER. We can perform a P-3 SLEP Program on the A and B aircraft. However, the SLEP Program as is being defined is airframe engine only. And yes, that has to be provided in addition to the avionic update.

Now, when I mentioned the $15 to $20 million ballpark figure for the heavyweight B's, that was only for an avionic SLEP, and from my understanding of it, and I do not have the details, it is a modified update 3 into the P-3 heavyweight B's. And they are the last, they are the tail end of the B production aircraft. And they are the newest aircraft we have in the Naval Air Reserve inventory. What we are talking about is the 60 to 70 airplanes that are P-3A's and P-B's that are lightweight and are incapable of taking the update 3 aboard because of gross weight limitations.

So for those airplanes we are proposing an airframe engine SLEP and this low cost, as we like to call it, and I think it can be described as such if it comes in at half a million dollars and airplane versus 18 million mix for these older airplanes.

And that is what we are proposing. We have some programmatic problems in this area. No. 1, it is an R&D program for the Reserves. No. 2, it is a sole-source contract at this point in time, which is a bad word. And No. 3, it has never been done before.

But the fact of the matter is that it is a sole-source contract only because the DOD system has decided not to modernize these old aircraft and have not put an RFP on the street. If an RFP was put on the street, we would have competition and we would not have a sole-source contract. But remember, we are asking only for the development of five test models so that we can make a rational procurement decision as we get closer to extremis.

PREPARED STATEMENT OF CAPT. CHARLES BUESNER

Mr. Chairman, Committee members, I appreciate very much the opportunity to provide testimony for consideration of the Committee. This testimony also represents the views of the Naval Enlisted Reserve Association. We request that this testimony be included in the record.

The role of the Naval Reserve in Total Force planning and mission assignment has increased significantly over the past several years. This mission migration has

enabled the Navy to retain its full spectrum of warfighting capability at a considerable savings to the taxpayer.

The interest and guidance of the Congress during this period has been instrumental in developing an Active/Reserve Force mix which meets the requirement of our national defense at the minimum cost to the taxpayer.

The Naval Reserve Association, while supporting these initiatives, has consistently maintained that to be a ready and effective combat force, Reserve units must be equipped with capable, maintainable and deployable weapons systems.

The NRA views Reserve readiness as an assessment not only of Reserve personnel manning and training, but even more importantly, a measure of the basic capability of the assigned weapon systems to meet the wartime threat.

Total Force mission assignment is easily and quickly attained hardware procurement and modernization unfortunately has proven to be more difficult to achieve. Even today, when more missions are being proposed for the Reserves, the NRA is deeply concerned about the warfighting capability of existing units.

The FY 85 budget provided significant add-on funds to modernize Reserve F-14s, procure UH-60 helicopters for Combat Search and Rescue, equip Reserve mobile construction battalions and improve ASW acoustic systems. Unfortunately, some of the serious combat readiness deficiencies these add-on funds started to correct were not addressed or funded in the FY 86 budget request.

Therefore, although the FY 85 budget was a good start, the Naval Reserve still has ships and aircraft which lack systems needed to make them capable warfighting platforms.

NRA has recommended the following buys be included in the FY-86 Budget in order to continue the modernization begun last year:

Procure an additional three (3) P-3Cs over the proposed buy of nine (9) and establish a multi-year contracting at twelve (12) per year. (Cost FY 86, $100-105 million)

Procure four (4) UH-60 Blackhawk helicopters to continue HAL/CSAR transition begun last year. (Cost FY 86, $25 million)

Procure five (5) sets of AQA-7 (V 12) Processing Enhancement Kit as a further low-cost improvement package for Reserve P-3A/B aircraft. (Cost FY 86, $10.5 million)

Procure three (3) on-board FFG-7/1052 ASW system training simulators for evaluation for use on board Naval Reserve FFG-7/1052 class ships. (Cost FY 86, $6.8 million)

NAVAL RESERVE OPERATION AND MAINTENANCE (O&MNR)

The O&MNR account is the proximate readiness producer as it provides the resources that generate flight hours, ship steaming days, base support and hardware overhaul, and modification and maintenance funding.

The FY 86 funding request of $954.5 million, a $125.7 million increase over FY 85, is fully supported by the NRA. This funding level will provide a flight hour program of 84.4 percent of Primary Mission Readiness (PMR) and a ship steaming schedule of 14.7 days per quarter.

The one ominous note in O&MNR funding is the reduction of $7.9 million in Real Property Maintenance. This reduction is particularly severe on Reserve activities as many of them are of World War II vintage and are in desperate need of this funding.

NRA understands that if additional funding is not provided in this area, the Naval Reserve will be unable to meet the Congressional Containment Policy concerning the backlog of non-deferrable Maintenance and Repair.

Recommendation

The Naval Reserve Association strongly recommends the addition of $7.9 million to this account in *FY 86*.

FAMILY SUPPORT

It is clear that family attitudes exert great influence on the individual member of the Guard and Reserve Component.

The stress on the Reservist's family is greater because the time he or she devotes to reserve duty comes on weekends and during summer vacation periods.

The Reservist's family generally has been ignored and not recognized as a valuable partner whose attitude greatly affects initial reserve affiliation, drill attendance and reenlistment decisions. More significantly, the Reservist's family is treated un-

fairly and as a second class citizen in current law, particularly when the Reservist is injured or dies when on active duty "for less than 30 days".

Current provisions of public laws concerning medical care and related benefits for members of the Guard and Reserve provide reduced care, and in some cases, no dependent benefits when a Reservist is injured, becomes ill or is killed, missing in action or POW when the Reservist happens to be on orders for "less than 30 days".

Increased reliance on the Reserve Component of the Total Force placed Reservists in hostile fire situations in both Grenada and Lebanon last year. However, the family of a Reservist of activity duty for less than 30 days killed along side of his active duty crew member would not receive the same survivor benefit package, i.e., no dependent medical care, commissary and exchange privileges. The NRA supports legislation designed to provide survivor benefits based on "line of duty" criteria without regard to length of duty or type of orders.

The second area of consideration is the benefit of commissary and exchange privileges. The current DOD test permitting Reservists and their dependents to use commissary and exchanges with a frequency tied to drill participation should be formalized into law. Additionally, unlimited commissary and exchange privileges should be extended to those Reservists who have completed twenty (20) years or qualifying service but who have not yet reached age 60.

These individuals are in an amorphous situation when it comes to retirement benefits. They have served their country with honor but will not draw a penny's worth or retirement compensation until they reach age 60. During the period between the time when this group retires without pay after their qualifying service and when they reach age 60, they are not eligible to shop at either the Exchange or the Commissaries. The perception among the Reservists is that they are second class citizens, a group of forgotten patriots. NRS does not believe the active force would or should begrudge these individuals the privileges of using the Exchange and Commissary facilities. Total Force has to be meaningful across the spectrum of privileges as well as responsibilities if it is to mean what the term connotes. We do not believe that there would be an onslaught of additional activity at the Exchange or Commissaries around the nation if the privileges were grated to the subject group. Significant numbers of these retirees do not live within commuting distance of the military facilities but they would perceive that their service has been appreciated.

Recommendation

The Naval Reserve Association urges your support of legislation introduced to provide commissary and exchange privileges to Reserves.

RESERVE MARITIME PATROL (VP) SQUADRONS

The most significant problem impacting the readines and warfighting capability of the Naval Reserve is the Block obsolescence of the P-3A/B aircraft in the Reserve VP squadrons. This situation, if not corrected, will result in the loss of six (6) Reserve VP squadrons by the mid-90s. The two-pronged solution of enhanced P-C procurement and low-cost acoustic system improvement proposed by the NRA offers, we believe, a most affordable and lowest-cost solution to this problem.

We particularly solicit your support in this area and have included our position on this issue as Annex I to this testimony. The Soviet submarine threat grows more complex and deadly every day. The country and our Navy can ill afford the loss of half the Reserve VP squadrons in this critical time.

SUMMARY

Mr. Chairman, I thank you and your Committee for hearing me today. I solicit your continued strong support for the Naval Reserve. I will attempt to answer any questions you might have.

ANNEX I

RESERVE MARITIME PATROL (VP) SQUADRONS

The Maritime Patrol Force consists of 37 squadrons each containing nine (9) P-3 aircraft. Twenty-four (24) of these squadrons are active navy and thirteen (13) are reserve.

The active Navy squadrons ar equipped with P-3B and P-3C aircraft ranging in configuration from the most current production model, the P-3C Update Three, to the early non-updated P-3C and last-production P-3Bs.

The Reserve VP squadrons are equipped with the early P-3A and P-3B aircraft. Reserve squadron location and aircraft type are depicted below:

Squadron	Location	Fiscal year 1986	Note
VP-60	Glenview, IL	P-3B	P-3C, fiscal year 1993.
VP-90	Glenview, IL	P-3A	P-3B, fiscal year 1992.
VP-62	Jacksonville, FL	P-3B	P-3C, fiscal year 1992.
VP-64	Willow Grove, PA	P-3A	
VP-66	Willow Grove, PA	P-3A	
VP-65	Pt. Mugu, CA	P-3B	
VP-67	Memphis, TN	P-3A	P-3B, fiscal year 1989.
VP-68	NAF WASH, MD	P-3B	
VP-69	Whidbey Island, WA	P-3A	
VP-91	Moffett, CA	P-3B	P-3C, fiscal year 1991.
VP-92	S. Weymouth, MA	P-3B	
VP-93	Detroit, MI	P-3B	
VP-94	New Orleans, LA	P-3B	

The reserve VP community represents 35% of the Naval Maritime Patrol Squadrons. Today the most critical issue facing our Maritime Patrol Squadrons is the block obsolescence of the early P-3A and lightwight P-3Bs. These two models represent 43% of our total aircraft and almost 100% of our Reserve Force Aircraft. In the early to mid-60s the Navy bought the P-3A and P-3B aircraft at a high rate to replace their force of obsolete SP-2H Neptune aircraft. The aircraft delivered in the 1964-68 time-frame will reach the end of their 28 year fatigue life between 1992 and 1996.

The problem this mass obsolescence causes in terms of force loss and required budgetary outlays has been widely recognized.

During the FY 85 hearings, VADM Schoultz, the then Deputy Chief of Naval Operations (Air Warfare) was asked:

"What production rate starting in FY 85 would be required so that aircraft could be transferred from the active force to the reserve force to replace the P-3As and lightweight P-3Bs as they reach the end of their service life without incurring a reduction in either the active or reserve force levels?"

Admiral Schoultz: "The P-3C procurement rate necessary to provide reserves with sufficient aircraft to replace the aging P-3As and P-3Bs is 22 per year."

In the SASC report 98-500 dated May 31, 1985, the committee stated:

"The administration requested funds in fiscal year 1985 for continued procurement of P-3Cs, SH-60Bs, and SH-2Fs. Funds were also requested for research and development for the S-3B Weapon System Improvement program and the CV ASW Helicopter, as well as procurement and RDT&E for various other Air ASW programs including processors, torpedoes, sonobuoys and other support equipment.

"The committee approved most of the authorization, but made reductions in funding levels for the P-3C, while retaining the requested nine aircraft. The committee increased the procurement for the SH-60B and funded the SH-2F procurement for the Naval Reserve.

"With regard to P-3C aircraft, the committee understands that the number of P-3Cs required to be procured annually to maintain the navy's long-range Maritime Patrol Force structure at its present mix of 24 active and 13 reserve squadrons is much higher than requested. Moreover, the committee notes that without a significant increase in P-3C procurement in the future, the Maritime Patrol Force structure will suffer a severe decline in the 1992-1995 time-frame as about 200 older model P-3A/B aircraft in the active and reserve squadrons reach the end of their 28-year service life.

"The committee is concerned, however, about the Navy's intentions for maintaining and modernizing its active and reserve Maritime Patrol Squadrons. There has been conflicting testimony before Congress about the numbers of P-3Cs needed to be procured annually, and there have been conflicting studies about Maritime Patrol

Force structure requirements. Internal budget deliberations on P-3C procurement have resulted in almost constantly changing annual procurement projections.

"With regard to the SH-60B LAMPS MK-111, the committee is also concerned that the annual procurement, as requested, was below that which is economically sensible, and that the total program requested by the Department may be insufficient to procure the number of helicopters needed to fulfill the surface combatant based air ASW mission.

"Much the same is true for the SH-2F LAMPS MK-1. Questions remain as to how many SH-2F should be procured, and what the mix should be between active and reserve squadrons. Moreover, the direction the program seems to be taking is far from consistent.

"The Navy's Maritime Patrol community is also a prime example of the success of the Total Force policy. In Air ASW, it stands as a clear success story to be emulated by the rest of the Navy. Naval reservists are well integrated into the operations of the active squadrons and make a major contribution to our Navy's abilities to accomplish the long-range ASW patrol mission. Naval reservists flying older P-3A/B aircraft perform their missions well, considering the limitations of the aircraft which they fly, and the committee has supported limited modernization of these platforms to maintain their effectiveness. Last year, for example, the committee authorized TAC/NAVMOD kits for this purpose. The committee believes that this success should be extended to all Air ASW forces, as well.

"Consequently, the Secretary of the Navy is requested to furnish the committee, in conjunction with submission of the Fiscal Year 1986 Defense Budget Request, a comprehensive master plan for modernization and maintenance of the Navy's Air ASW forces, both in the active and reserve components. Such a master plan should include a procurement plan for aircraft needed to satisfy the requirements of both the active and reserve forces, along with a schedule for any service life extension program (SLEP) where appropriate and a modernization plan for those aircraft not being replaced through new procurement. Any planned or contemplated changes in the active and Reserve Maritime Patrol Squadron Force structure should be addressed, along with Navy Intentions regarding development of successor aircraft, where applicable. This plan should be comprehensive in that it should also address procurement levels of major supporting weapons and expendable sensors to include torpedoes and sonobuoys."

To date the report has not yet been submitted and since the report itself has been classified, the Naval Reserve Association will never learn its specific content. However, the plentiful supply of unclassified information available has enabled the NRA to conduct its own analysis of current MPA force level aircraft and out-year projections.

U.S. NAVY MARITIME PATROL AIRCRAFT TOTAL FORCE REQUIREMENTS

	Required aircraft				
	Active		Reserve		Total
1. Primary aircraft authorized [PAA]:					
24 squadrons at 9 A/C per sqdn	216		.....		216
13 squadrons at 9 A/C per sqdn	.....		117		117
2 active fleet replacement sqdns	40		0		40
3 reserve master augmentation units	.....		9		9
RDT&E aircraft	17		0		17
Total (PAA)	273	+	126	=	399
2. Back-up aircraft authorized [BAA]:					
Active	22		.....		22
Reserve	.....		17		17
Total aircraft authorized	295	+	143	=	438
3. Force assurance aircraft	22		.....		22
Total aircraft required	317	+	143	=	460

The MPA Total Force requirement is for 460 aircraft as shown in Figure 1. Through the FY 85 Defense Bill, 251 P-3C have been authorized of which 235 have been delivered through the end of 1984. Assuming that the 41 P-3B heavyweight

aircraft can be economically modified and their service life extended for another 10 to 12 years; and the 12 P-3C to be diverted to the electronic warfare mission are replaced; we still must buy 180 P-3 aircraft to meet our current force requirements.

The NRA has taken the total force requirement as shown in Figure 1, and the current inventory of both the Active and Reserve force and has projected the force composition by year through the year 2000, based on assumed production rate of nine aircraft per year. Our analysis took into account estimated normal peacetime attrition losses; the planned diversion of 12 P-3C aircraft to meet the critical needs of the electronic warfare EP-3 aircraft program; and the use of the older but still usable P-3As to be converted to TP-3A pilot training aircraft for the two training squadrons which would temporarily free up 12 P-3C aircraft. We also assumed for the analysis a service life extension program (SLEP) for the 41 heavyweight P-3Bs, a matter which is currently under study by the Navy. The results of our analysis (Figure 2) shows a decline in the reserve force structure in 1994. To more clearly show the impact we have illustrated that same shortfall on a squadron basis in Figure 3. As can be seen, we will no longer have sufficient aircraft for outfitting five squadrons in 1994, and in 1995 we lose still another squadron. I would point out that from now through the year 2000, based on a nine a year production rate, the MPA force will have essentially no aircraft in the backup (pipeline) category which is cause for alarm if conflicts at sea develop. The NRA wishes to highlight this particular aspect of the production program for two reasons; first to show that it introduces risk in the ability of the Reserves to meet their operational commitments in a wartime scenario, and secondly, to show that even though every available asset is going to the squadrons, there will still be a significant shortfall which will result in the loss of reserve squadrons.

MPA FORCE LEVEL PROJECTION

PROCUREMENT RATE: 9 A/C PER YEAR

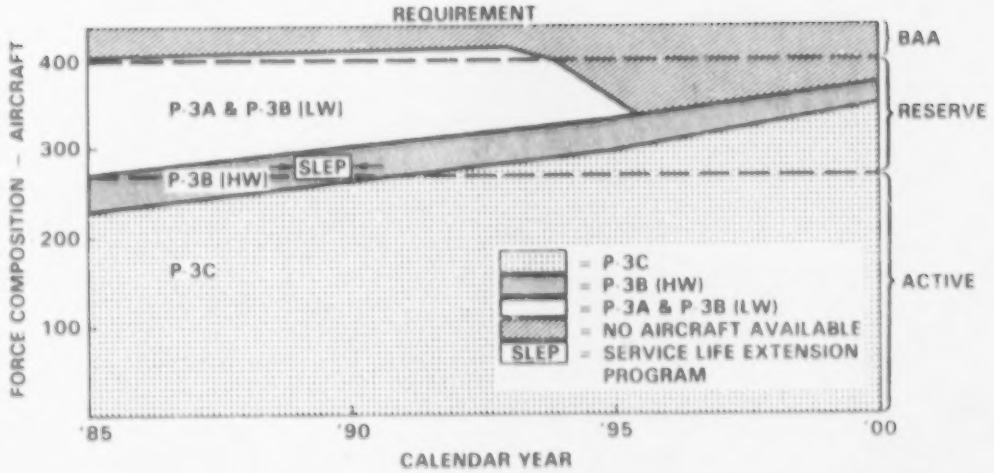


Figure 2

MPA PROJECTED SQUADRON COMPOSITION

PROCUREMENT RATE: 9 A/C PER YEAR

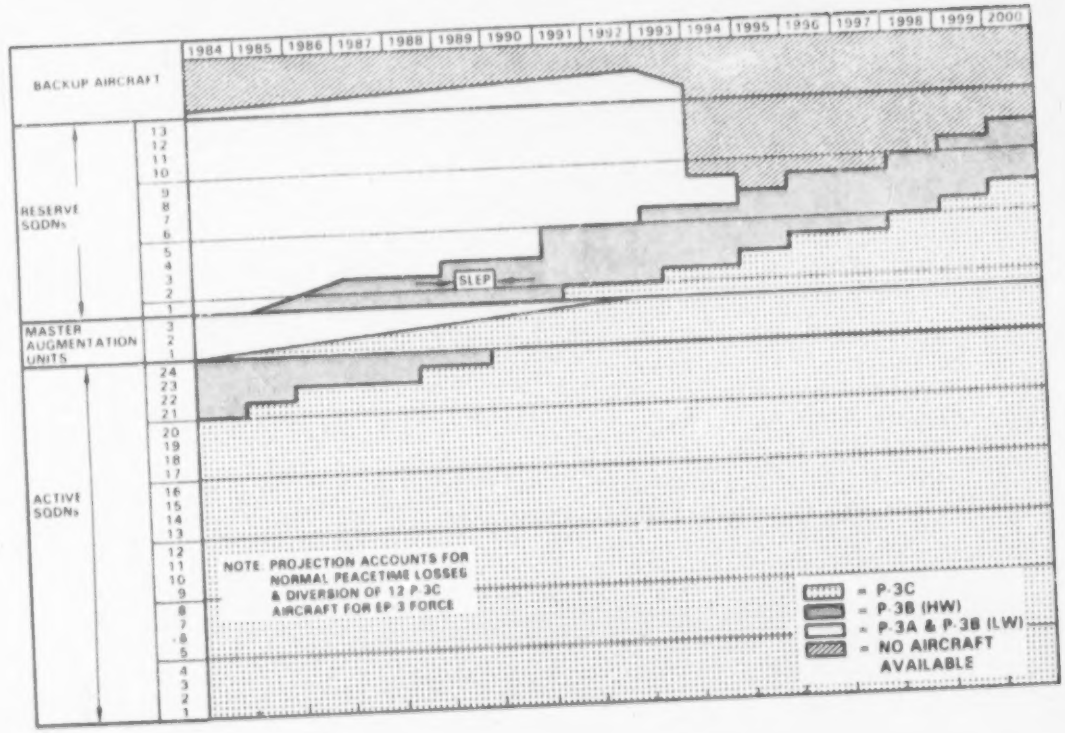


Figure 3

Recommendation

The NRA strongly recommends increasing P-3C production to 12 aircraft per year and to place the FY 87-90 procurement under a multi-year contract to achieve the 12 to 15% cost savings as proposed by the contractor for such a program. Increasing the buy from 9 to 12 aircraft per year will substantially reduce the shortfall as shown on Figure 4 and the resultant impact on squadron strength (Figure 5). We fully recognize that realistic budgetary constraints make the true need of 20–22 aircraft per year impractical at this time, but the 12 per year rate, in our opinion, is not only fiscally responsible but is affordable. We recommend an increase of $100–105 million dollars to the FY 86 budget to procure three additional aircraft, and request that they be assigned to our Naval Air Reserve force in order to achieve horizontal integration into our reserve force concurrent with the active force.

MPA FORCE LEVEL PROJECTIONS

PROCUREMENT RATE: 12 A/C PER YEAR

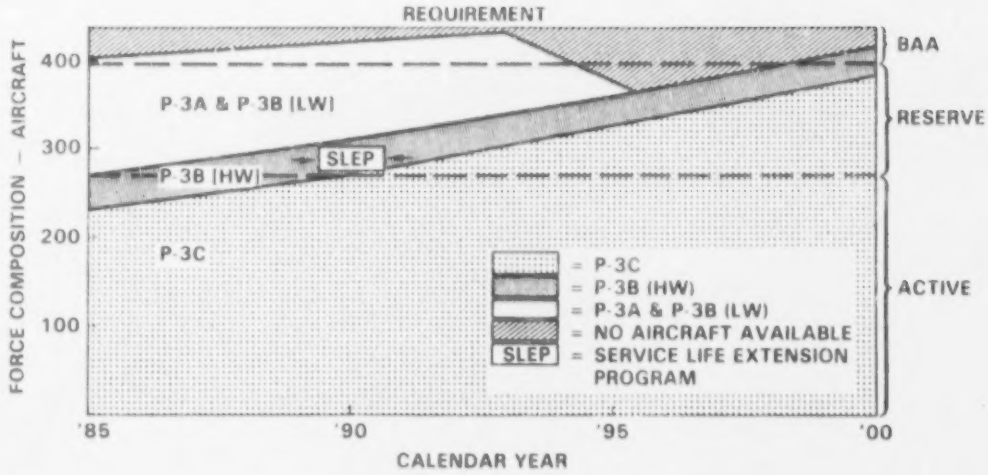


Figure 4

MPA PROJECTED SQUADRON COMPOSITION

PROCUREMENT RATE: 12 A/C PER YEAR

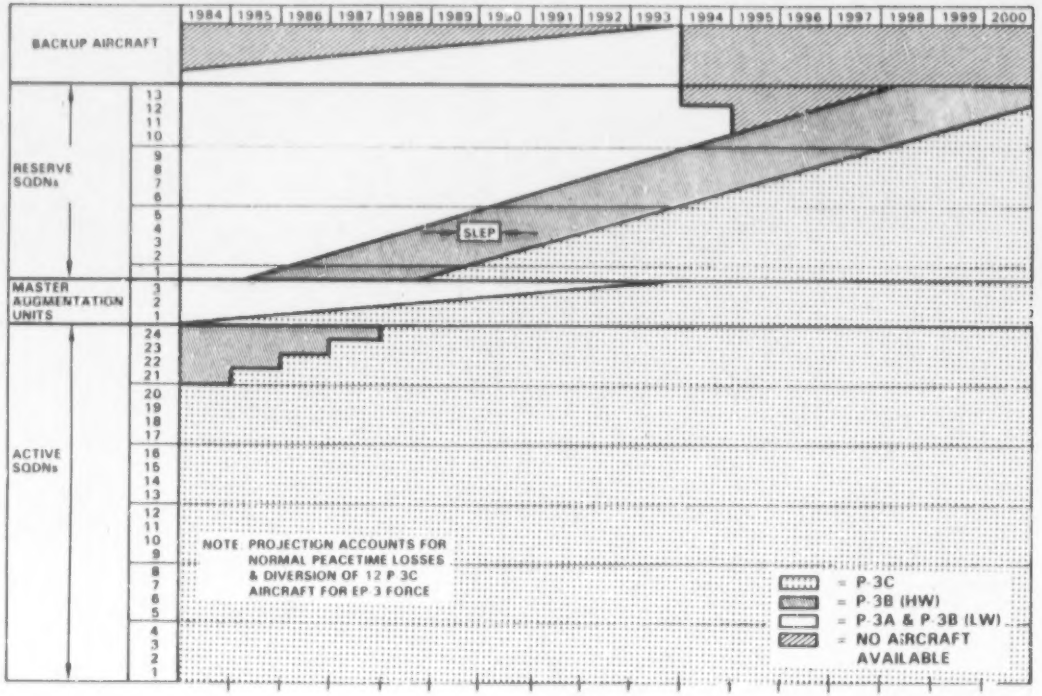


Figure 5

Even this acquisition profile will not provide an all P-3C force in reserve MPA squadrons until after the year 2000. Hence an equally important issue, that is the modernization/SLEP program for the P-3A/B aircraft must also be addressed now. This update and modernization effort must not only include the basic airframe and engine, but also must address the avionic update necessary to insure effectiveness against the Soviet submarine threat of the 90s and provide a measure of compatibility and reasonable interface with upgraded fleet detection systems.

More detail about this initiative is provided in the P-3A/B AQA-7 Display Update section which follows.

P-3A/B AQA-7 (V10-12) UPDATE

The previous section developed the rationale supporting a 12 P-3C per year acquisition plan in order to partially alleviate the block obsolescence of the Reserve VP Force in the 90s. As has been previously demonstrated, twenty (20+) plus P-3C procurement per year is required to achieve an all P-3C force and avoid all service life extension programs (SLEP) for the current P-3A/B aircraft.

Since the fiscal realitites indicate such a procurement profile is not feasible, the Naval Reserve Association proposes a service life extension and acoustic modernization program designed for Reserve P-3A/B aircraft which will enable:

Reserve Force levels to be maintained in the 90s.

Reserve P-3A/B aircraft to meet the Soviet submarine threat expected in that decade.

Reserve P-3A/B aircraft to maintain an interoperability and common acoustic display format with update fleet P-3 aircraft.

The P-3A/B aircraft in the Reserve VP squadrons are undergoing their final scheduled avionic upgrading with the installation of the TAC/NAVMOD and improvement of the baseline AQA-7 (V1-2) acoustic processor to the AQA-7 (V10-12) model. These modifications were introduced in the fleet in the 70s in the case of the TAC/NAVMOD and the early 80s for the AQA-7 (V10-12) in order to meet the threat of the then new Soviet submarine technology. No further P-3A/B avionic improvement is planned.

The Naval Reserve Association has recognized this serious operational shortfall in those P-3A/B aircraft destined to be assigned to the Reserve P-3 squadrons throughout the 90s and in some cases beyond the year 2000. Consequently, in the FY 85 budget deliberations the NRA supported a Congressional initiative that provided $7.5 million for the development of an updated display for the AQA-7 (V10-12) acoustic processor.

House of Representatives Report 98-1086 contained the following language relative to this initiative:

"AQA-7

"IMPROVEMENT PROGRAM FOR NAVAL RESERVE P-3 AIRCRAFT

"There are approximately 135 P-3A and P-3B aircraft in the Naval Reserve that have the AN/AQA-7 equipment to process the acoustic signals of submarine targets. In order that the Naval Reserve adequately counter the latest Soviet threat and that expected in the early 1990's, and also achieve horizontal integration between the active and reserve components of the Navy, the Committee believes that the AQA-7 processing system must have an improved display system incorporated. Consequently, the Committee directs that the Department procure five service test models of the improved AQ-7 display system in order to test and evaluate this system to determine fleet operability and suitability. A report on the results of this evaluation is to be submitted to the Committee no later than June 1, 1985. The Committee considered making a significant number of line item reductions in the modification account, but decided against that action in order to leave sufficient funds to execute this directive and to determine whether this could be a cost effective modification to our maritime patrol aircraft."

The AQA-7 Display Update Kit extends the improved operator interface by providing a modern, high resolution, quick reaction monchromatic CRT display subsystem. In addition to presenting twice the amount of real-time acoustic data currently available to the AQA-7 operator, the Display Update Kit provides computer-assisted target classification by incorporating into the AQA-7 the Passive Acoustic Detection and Classification (PADC) algorithms which are currently operational on board the Active Duty Fleet aircraft. Another benefit to the Reserve operator is the preservation of the hard-copy acoustic display on the AQA-7 chart recorder. Hard copy provides the experienced operator with an additional display dimension which is in-

valuable during mission and post-mission analysis. Because the Reserve acoustic operators will have standard display formats of acoustic data identical to their counterparts in the Active P-3C aircraft, 1) fleet/Reserve interoperability aboard aircraft and debrief sites will be enhanced, and 2) crewmen from the fleet joining the Reserve P-3 units will have compatible equipment with which to work, thereby decreasing the amount of retrogressive training required.

In order to fully exploit the capabilities inherent in the AQA-7 Display Update Kit funded in FY 85 and to provide the enhanced acoustic processing capability necessary to meet Soviet submarine technology of the 90s, the AQA-7 system requires further signal processing enhancement.

The Naval Reserve Association proposes the procurement in FY 86 of five (5) Service Test Model Processing Enhancement Kits for the AQA-7 acoustic processor.

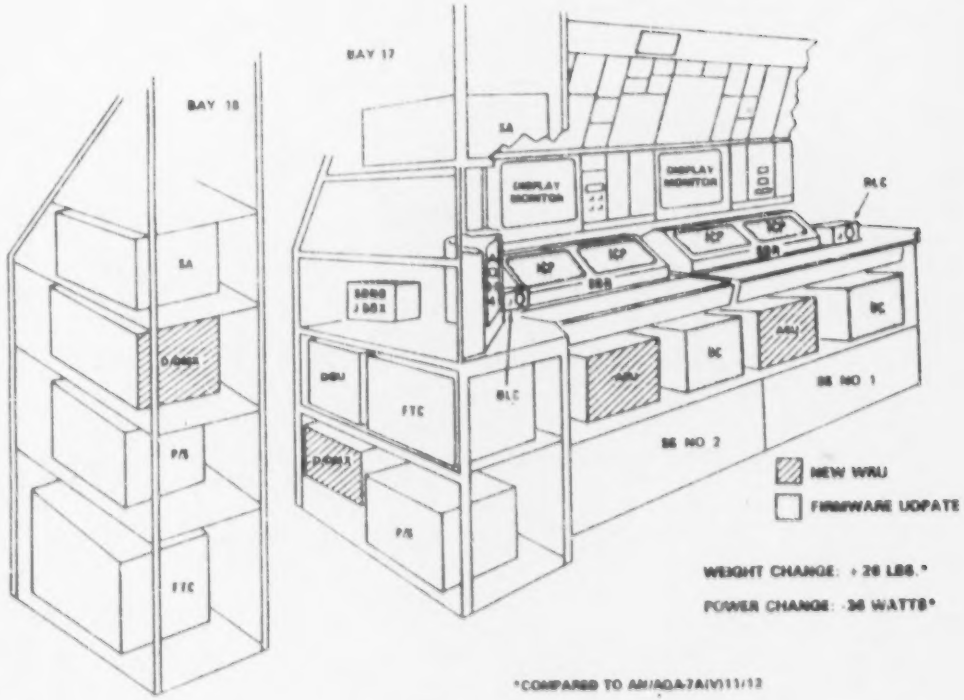
The AQA-7 Prccessing Enhancement Kit provides a quantum step in ASW acoustic capability for the Reserve P-3 aircraft in the areas of signal processing, post-processing/operator aids, system availability, and growth potential. The enhanced AQA-7 signal processing is shown in Table 1. It is important to note that the AQA-7 has been designed for mixed-mode processing; and this capability is expanded with the Processing Enhancement Kit. For example, a concurrent AQA-7 processing arrangement could be eight (8) LOFAR, eight (8) DIFAR, two (2) DICASS, and one (1) ERAPS. An additional improvement to the DICASS mode is extended doppler processing to accommodate the high-spped threat.

TABLE 1.—AQA-7 PROCESSING ENHANCEMENT KIT SIGNAL PROCESSING IMPROVEMENTS

Mode	Capability improvement over AQA-7 with display update	Maximum channels available per shipset
LOFAR	Dobuled	32
DIFAR	Doubled	16
Verniers	Doubled	96 (verniers)
DICASS	Quadrupled	4 (w/extended doppler)
DICASS Omni	Quadrupled	8 (w/extended doppler)
ERAPS	New capability	2

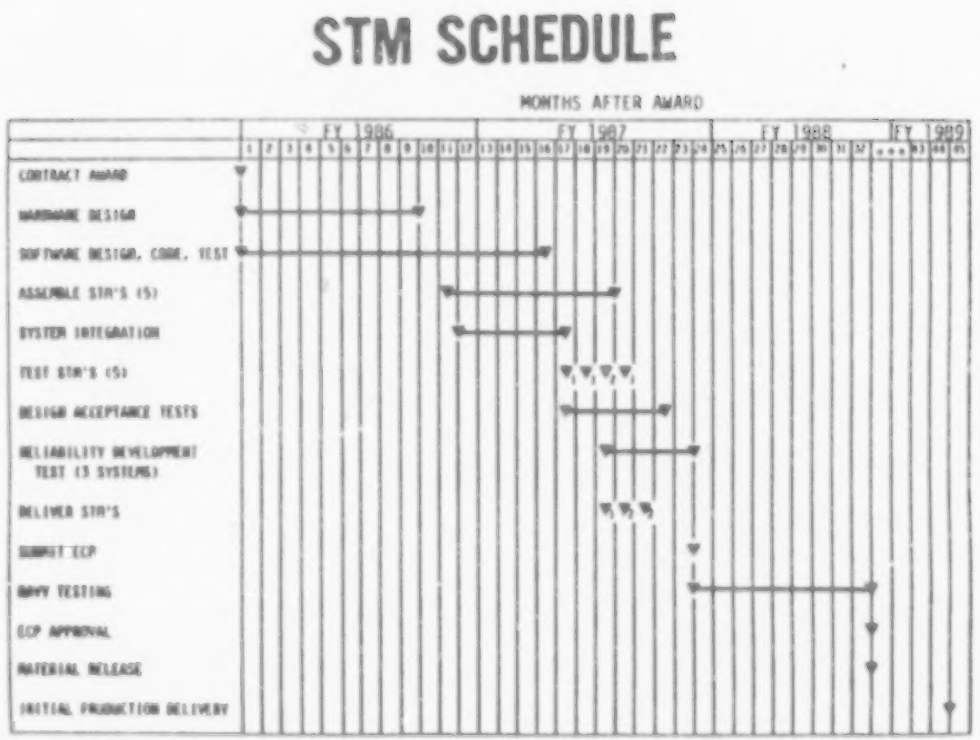
The AQA-7 system availability, a major component in Reserve ASW mission success, is nearly doubled with the incorporation of the Processing Enhancement Kit. With the addition of two (2) independent processing paths which provides a total of four (4), at least three-fourths of the system remains operational even with a major failure within a processing unit. Incorporation of new technologies for signal processing also doubles the system reliability, when compared to AQA-7 3V system, which further improves system availability.

Figure 1. P-3A/B PROPOSED AIRCRAFT INSTALLATION
FOR AQA-7 PROCESSING ENHANCEMENT KIT



The AQA-7 Processing Enhancement Kit is designed to minimize its life cycle costs. Ground rules, such as retaining the AQA-7 footprint and building upon existing capability, minimize not only acquisition cost but also aircraft installation cost. Figure 1 depicts the P-3A/B aircraft installation of the AQA-7 Processing Enhancement Kit which provides an estimated 36 watt power savings and a minimal 26 lb. weight increase. Since the Kit will accommodate both the AN/ARR-72 and AN/ARR-78 Receivers, the Naval Reserve has the option to use either or a combination of the two to supply the AQA-7 with 32 processing input channels. The recurring cost of the AQA-7 Processing Enhancement Kit is relatively inexpensive as compared to the capability gained and is estimated to be $0.33 million per shipset in FY 1986 funds. The common module theme minimizes impact on the established AQA-7 logistic network and, along with the significant reliability improvement, minimizes maintenance cost.

Figure 2. AQA-7 PROCESSING ENHANCEMENT KIT



Five (5) STMs are needed for Operational Test and Evaluation (OT&E) by OPTEVFOR. The schedule shown in Figure 2 could be pursued and, following a successful OT&E, the procurement of production sets could commence in FY 1989 and could be incorproated in Reserve P-3A/B aircraft commencing in FY 190. Completion of this modification would significantly enhance the capability of Reserve P-3A/B aircraft. A P-3A/B with the TAC/NAVMOD and the AQA-7 Processing Enhancement System would provide the Navy and the United States with a very capable counter to the Soviet submarine menace.

The Reserve P-3A/B acoustic modernization program as outlined above, including the Display Update funded in FY 85 and Signal Processing Enhancement requested in FY 86 will provide the improved ASW detection capability necessary for the Reserve VP squadrons in the 90s while offering a low-cost modernization alternative until an all P-3C force can be achieved. (See table below—FY 1986 Dollars in millions.)

	Display update	Signal processor enhancement
R&D	[1] 7.5	10.5
Production per ship set	.35	.33

[1] Funded in fiscal year 1986.

It is essential in the view of the Naval Reserve Association that signal processing R&D funding of $10.5 million be provided in FY 86. The development and testing lead-time necessary to be able to make production decisions in FY 89-90 require FY 86 start-up of the R&D effort.

This initiative, if successful, offers great promise in that for the cost of two (2) new P-3C aircraft, more than one hundred (100) P-3A/B reseve aircraft can be significantly upgraded.

Every mariner is taught from day one to recognize the proximate danger inherent in a "constant bearing, decreasing range" situation. The block obsolesence of the Reserve MPA force is such a situation. For several years now, the Naval Reserve Association has sounded the alarm. We urge that a rational, realistic plan be implemented this year to solve this critical problem. The capability of the MPA force and the threat they counter deserve better than "crises management" executed when "in extremis".

Recommendation

The Naval Reserve Association strongly recommends the Congress to authorize and fund the procurement of five (5) Service Test Models of the AQA-7 Processing Enhancement Kit, including contractor environmental and reliability testing at a cost of $10.5 million in FY 1986.

Mr. DANIEL. Very good, sir.

Mr. Spence.

Mr. SPENCE. Yes, thank you, Mr. Chairman.

I just wanted to say that even though I was talking a while ago to the Air Force and Air Guard people about their programs, of which I am proud, I have been in the Naval Reserve since I was 17 years old, and I just retired after I will not say how many years, but between 35 and 40, I guess.

And over those years I have been intimately involved in all the Naval Reserve programs, and more recently—I think you mentioned the P-3 squadrons and their work—I have had the occasion to spend a couple of weeks in different years with those squadrons, and can give testimonial if necessary to their dedication to their mission and their expertise in their job.

And, Admiral Spiro, I am sorry I got to leave before your presentation, but I wanted to say hello to you, too, and thank you for the good job you are doing.

That is all I have.

Mr. DANIEL. Mr. Hutto.

Mr. HUTTO. Thank you, Mr. Chairman.

Admiral Forrest or Captain Buesner, we asked Admiral Kempf this morning this question, which I would like to ask you. It is a three-part question.

The committee is anxious that we do not lose the momentum begun last year in providing helicopter support for the seals and combat rescue. I would appreciate your commenting on the following items.

One, if four additional UH-60 helicopters are authorized this year, how quickly would we begin to get an operational capability on both coasts using UH-60's?

Two, what is the status of the integration of the helicopter gunship and combat rescue squadrons?

And three, what tactical and doctrinal benefits do you see stemming from the adoption of the UH-60's in the dual-mission squadrons?

Captain BUESNER. The two airplanes that were procured last year are not yet on scene. They should be delivered in the May-June timeframe, is our understanding. With the startup training that these two airplanes will provide, we will be able to start the transition at one site, and where Admiral Kempf decides that one site should be, I do not know. I suspect it is going to be a west coast site. That is just a gut feeling, if you want my opinion.

The infusion of the four additional airplanes that we are talking about now, depending upon how they are employed and what the follow-on profile is of procurement, could either be interjected into the remaining two squadrons as a two-plane cadre builder and training builder. And we would have an initial capability this year for two planes on the west coast and the early part of next year for four more airplanes, central, Gulf of Mexico, and the east coast. The training profile of the crews could be accelerated by utilizing comparable Army training in the airplane that is available now, so we would not necessarily have to wait to get a large number of crews qualified for organic owned airplanes.

We could almost, for a change, keep the crews ahead of the UE aircraft so that as soon as the aircraft reported on board, we would have a significant capability. It is our view that with the two last year and the four this year, by the end of fiscal year 1986, and I have to hedge this, saying depending upon when they are delivered, OK, we could have a deployable capability on each coast, in my judgment.

Now, limited, we are not talking 25 crews, but we are talking about a capability to deploy and meet a mission requirement from both the east coast and the west coast squadron.

The philosophical decision to combine both missions that was directed last year has, to our view, been completely accepted by the Active Navy, and in fact it is now a dual-mission squadron. We do not see any particular difficulty in that since the core training for both missions is almost identical. And particularly if we are talking about Navy special mission employment, it even becomes more critical and it has more compatibility with the combat SAR mission in the sense of flying off ships at night over the dark ocean and so on and so forth.

We see no dichotomy at all in a dual-mission capability for the trained aircrews in this area, because in fact core training is basically the same and the SAR training is applicable to shipboard operations. And we see that as a plus. It gives us a lot more flexibility and a lot more dual-qualified crews. Right now they all go through standard Army and Marine Corps Map-of-the-Earth-type flying training and night vision-type flying training, and that would obviously continue.

And the final question——

Mr. HUTTO. Tactical and doctrinal benefits stemming from the adoption of the UH-60's in the dual-mission squadrons of——

Captain BUESNER. Well, I think I basically answered that——

Mr. HUTTO. I think you——

Captain BUESNER [continuing]. In the other question.

Mr. HUTTO. Yes.

Captain BUESNER. And for us it is a quantum leap, because, quite frankly, the HH-1Ks that I was able to salvage off the Vietnam scrap heap are long of tooth, and they really need to be replaced.

Mr. HUTTO. OK. Thank you, Captain.

Thank you, Mr. Chairman.

Mr. DANIEL. In your statement you list a number of programs, buys, which the Naval Reserve Association feels would be valuable adjuncts to the modernization plans in the Administration budget request. I believe you are requesting approximately $147 million.

Captain BUESNER. Yes, sir.

Mr. DANIEL. Are there any offsets or is that a net figure?

Captain BUESNER. That is a net figure.

Mr. DANIEL. That is a net figure?

Captain BUESNER. Yes, sir. That was boiled down from a true requirement of 22 P-3Cs, which would have been an 11-aircraft add-on. And we feel we have scrubbed the thing to the barest bones possible to try to have minimum impact on our vital concerns for all of us for getting as close to a balanced budget as we possibly can.

Mr. DANIEL. Any staff questions?

Thank you very much, gentlemen.

Our next witness is Rear Adm. Robert H. Spiro, Jr., retired, national executive director of the Reserve Officers Association of the United States.

Believe this is the first time or first appearance by the Reserve Officers Association before the subcommittee, but we hope it marks just the beginning of a possible relationship, a partnership in addressing reserve issues in the years ahead.

Admiral, we are mighty pleased to have you with us, and please proceed as you desire.

STATEMENT OF REAR ADM. ROBERT H. SPIRO, JR., USNR (RET.), NATIONAL EXECUTIVE DIRECTOR, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

Admiral SPIRO. Thank you, Mr. Chairman, and gentlemen.

I am sorry that Congressman Spence had to leave, because I wanted to tell him that, like he, I took early retirement recently after a stint somewhat similar to his in the Naval Reserve.

It is a pleasure, both personal and professional, to appear before this committee on behalf of the Reserve Officers Association. I am sure you are aware that we have 120,000 reserve officers out there in the 50 States and some in our overseas departments. We develop our positions on issues, strategic as well as materiel, during our two big annual conventions, and these are our considered judgments about the issues of our time as they relate to defense.

The Congress in 1950 chartered ROA, which was founded in 1922, and gave us the sole mission, not that others do not have the same mission, but our mission is to help develop military policy and to assure national security. That is our purpose.

In past years ROA has recommended congressional action to provide better and more modern equipment for Reserve forces as an economical way to maintain adequate armed forces in a dangerous world. We feel that that philosophy is just as valid today and the wisdom of action along these lines is now just as obviously apparent.

It is well known that Reserve forces are the most economical source of units when they are properly equipped and trained. At a time when the defense budget is under heavy attack, it would appear to be appropriate to increase reliance upon reserves, and that means providing them with suitable equipment. And we believe that to be the most economical way to increase national defense.

The Reserve component is vital to our defense. The Guard and the Reserves together provide significant support capability; 70 percent of the Army's combat service support and 35 percent of the Navy's maritime patrol aircraft, as well as many other services and facilities.

I would like to take just a half a moment to call attention to a remark Admiral Watkins called attention the other day to the Constitutional Convention of 1787. One member got up and moved that the standing army of the United States should be restricted to not more than 5,000. And when Gen. George Washington, the first of our reserve officers, heard this, he remarked that the resolution was fine with him so long as the convention also agreed to an amendment prohibiting armies with more than 3,000 from invading the United States.

Now, manpower and readiness issues have been much in the press and much in our concerns and in the concerns of Congress during the intervening 197 years. We are concerned today about readiness, and I wish to thank this committee for its active support. The Reserve forces that we represent and seek to speak for are all five of the armed services of the United States.

The U.S. Army Reserve Selected Reserve strength has grown by 20,000 from 266,000 in fiscal 1983 to an estimated 286,000 in 1985. While the Active component Army strength remains frozen at 781,000 there is a requested increase of 14,700 in the Army Reserve. The Selected Reserve strength will be broken down somewhat as follows: paid drill strength, 9,300; full-time support, 4,000; individual mobilization, 1,400. This would make up the 14,700 that we in the ROA believe are necessary for defense and strength at this time.

The ROA strongly supports the congressional decision to emphasize an increased role for Reserve components in the security of our country. We have full confidence in the ability of the Army Reserve citizen soldier to be an equal partner in the total Army, and we are pleased to note that in the last 5 to 10 years, the concept of a total Army and the total service has been adopted increasingly by the regular components as well as by the Congress of the United States.

ROA urges the Congress to protect its investment in the Army Reserve by extending the Selected Reserve Incentive Program. In keeping with the express sense of the Congress, and the critical need to upgrade mobilization readiness, ROA supports a modest increase of Active Guard Reserve of 4,000 in fiscal 1986. To enhance the mobilization capabilities of 270,000-member Individual Ready Reserve, ROA recommends that the Congress authorize and fund a bonus program for this most valuable wartime pool.

In just 1 year of operation, the success of the Army Reserve personnel center has proven the wisdom of the thrust of the Congress to have authority to manage Reserve matters delegated to the Reserve components. Under the command and management of the Chief of Army Reserve, ARPERCEN, the Army personnel center, has organized viable programs for managing and training the 300,000 members of the IRR, and the Guard Reserve and the individual mobilization augmentees.

ROA strongly recommends that in accordance with the guidance of Congress, ARPERCEN under the Chief of Army Reserve should assume additional responsibility for the balance of the personnel responsibilities not vested in the Reserve components personnel and administration center.

Further, commensurate with the growing reliance on the Army Reserve in military planning, as attested to the significant increases in Army Reserve manning, at 574,000 in fiscal 1986, equating to 37 percent of the total Army. The Army Reserve budget at $3.2 billion is 63 percent higher than it was 2 years ago. And the growing importance of the Army Reserve to national security, the ROA very strongly recommends that the Chief of the Army Reserve who commands this very large force, be elevated to the rank of three stars or lieutenant general. We think this is important and certainly consistent with his responsibilities.

In addition, the ROA recommends that an additional Deputy Chief of Army Reserve be authorized at the two-star level and that the commander of ARPERCEN be elevated to one-star rank. We further recommend that full-time reserve general officer positions be charged against the Guard and the Reserve strength authorization. These enhancements would clearly be consistent with the congressional intent of Public Law 91-68 that Reserve chiefs be functional managers of their respective components.

Now may I make a short statement about the Naval Reserve, the Marines, and the Coast Guard, which in our organization are combined in the sea services group.

We support the Reserve personnel funding request of $1.345 billion to support Naval Selected Reserve strength, a strength of 118,209, and increase of 8,209 over fiscal 1985. We recommend approval of the $800,000 to pay $10 per drill incentive pay to enlisted

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reservists and designated high priority units. And in our longer statement we explain why we think that is so important.

We recommend approval of the increase in full-time support personnel, an increase to 17,973, and increase of 2,000 over fiscal 1985, believing this to be necessary for rapidly growing Selected Reserve forces, particularly in ships and Ship Intermediate Maintenance Activities (SIMA's).

We recommend, Mr. Chairman, the continuation of the program started last year by Congress to procure HH-60 helicopters for combat search and rescue. This would require an additional $12 million in the fiscal 1986 budget.

We recommend approval of the Navy's request to procure nine P-3C's, update three aircraft in fiscal 1986. We feel the requirement is really much higher. We supported 12 last year, but our concerns as citizen soldiers over the deficit constrains our request, and we request, respectfully, nine P-3C's.

Without the TACTAS and LAMPS retrofit, FFG-7's possess minimal antisubmarine warfare detection capability. We recommend approval of the Navy's request to procure six LAMPS, one ASW helicopter for the frigates, and recommend that Congress request the Navy plan by whole number to install TACTAS on NRF ships.

With regard to the Marine Corps, we recommend approval of Reserve personnel Marine Corps funding requests of $290 million to support a Marine Corps selective end strength inner reserves of 43,000. We recommend that Congress support the newly established Marine Corps Reserve full-time support program, which started with 803 personnel in fiscal 1985, to go to 1,700 by fiscal 1989.

We believe the Marine Corps is making great strides in modernizing Reserve ground combat forces with horizontal equipment integration concept, and we urge your continuing support.

Modernization of Marine Reserve air components are lagging badly. The same modernization policy should apply as in the Naval Air Reserve. The transition to FA-18's should commence, in our judgment, now, not in 1991 as planned by the corps.

We recommend additional funding to continue procurement of KC-130 air refueler aircraft. A total of 10 were funded in fiscal 1982, 1983, 1984, and 1985, as congressional add-ons. And we recommend two, only two, but we think two are necessary in 1986.

And with regard to the Coast Guard, finally last year I expressed my concern for the Coast Guard, a vital part of the sea power team. As you well know, the Coast Guard, by law, is maintained as a military service and a branch of the Armed Forces, as it has been since the 1790's, and although it is a part of the Department of Transportation, in wartime it becomes a part of the Navy.

The fiscal year 1986 budget submission requests no increase in the Coast Guard Reserve strength, which is currently only 50 percent of stated mobilization requirements. And a reduction of 620 active personnel is requested. This reduction, we think, is most serious, and it ignores the first ever congressionally mandated active force strength of 39,150 passed last year to prevent further erosion of Coast Guard strength.

In fiscal year 1986 submission, adjusted for inflation, the budget is lower than any Coast Guard budget since 1981. We represent that the Coast Guard is vitally important to port security and to

other aspects of national security. And we strongly request members of this subcommittee take the initiative to increase the Selected Reserve strength by 700, which is only 13,200 total, as requested by the commandant and ignored by the Department of Transportation and by OMB.

We solicit your support in joining with other Members of Congress in the maintenance of a Coast Guard fully manned, fully trained and equipped to meet peacetime and wartime requirements. We request the Armed Services Committees to require the Coast Guard Commandant to testify annually before them as to whether the Coast Guard meets these standards.

In conclusion, using the order that I used in my longer presentation, I wish to address very briefly the Air Force Reserve. The Air Force Reserve is cost efficient and combat ready. It is hard to believe, but I am assured by competent authority that all units of the Air Force Reserve can be mobilized in 24 hours, and deployed within 73 hours. Exercises and contingencies proved this during the past year.

It is always contention that cuts in the active forces mandated by budget pressures should be partially offset at least by increased capability in the less costly reserves. Consequently we advocate these two add-on programs for the Air Force Reserve.

The C-130A conversion program remains a problem. Unless C-17 aircraft are bought, according to Air Force program, the Air Force Reserve will be left with 20 percent of its force 35 years old in the nineties. We thank the committee for adding eight C-130H aircraft for the Reserve last year, and we urge that that program of eight be continued this year.

And second and last, just last year the Congress added funds to provide smokeless engine kits and off bore side aim 9-L capability for all Air Force Reserve F-4's. As a result, they will remain survivable in combat in the early nineties. We commend the committee and urge that you finish the job by equipping these aircraft with an improved bombing system and consequent enhanced mission capability this year. Any cutback in planned modernization of the fighter force will dictate that these aircraft remain in the Air Force Reserve significantly longer than currently programmed.

Gentlemen, last year you mandated a commissary test, and we believe that that test has been a great success. We urge you to expand the program, provide members of the selected reserve the opportunity to use commissary privileges the same as post exchange privileges, to extend the commissary and PX privileges to the twilight zone reservists, that is, between those who retire and until they reach the age of 60.

Briefly stated, Mr. Chairman and gentlemen of the committee, these are the recommendations summarized that the Reserve Officers Association wishes to make to you this afternoon.

PREPARED STATEMENT OF REAR ADM. ROBERT R. SPIRO, JR., USNR (RET.)

Mr. Chairman and Members of the Committee:

It is a pleasure to appear before the Committee. On behalf of the Reserve Officers Association, I wish to extend our thanks for this opportunity.

In past years, ROA has recommended Congressional action to provide better and more modern equipment for Reserve Forces as an economical way to maintain adequate armed forces in a dangerous world. That philosophy is just as valid today, and the wisdom of action along these lines is now obviously apparent.

It is well known that Reserve Forces are the most economical source of units when they are properly equipped and trained. At a time when the Defense Budget is under heavy attack, it would appear to be appropriate to increase reliance on Reserves, and that means providing them with suitable equipment.

Dr. Lawrence J. Korb, Assistant Secretary of Defense (Manpower, Installations and Logistics), is responsible for policy review and oversight of the total force. In his recent statement before the SASC Manpower and Personnel Subcommittee, he pointed out that the Reserve Components, in general, cost less than Active Components.

He also stated:

> The reserve component is vital to our defense. The Guard and Reserves provide significant support capability -- for example, 70 percent of the Army's combat service support and 35 percent of the Navy's maritime patrol aircraft -- and they participate in the maintenance and operations of all major Air Force weapons' systems except certain strategic weapons such as missiles, bombers, and strategic reconnaissance. Because the reserves are totally integrated into the total force, they are essential to our war-fighting capability and they will be used in any future war. They are required to meet our commitments to our allies.

As you know, the FY84 Defense Authorization Act created a new Assistant Secretary of Defense (Reserve Affairs). Once again, ROA applauds Congressional insight in its creation of this position. In many respects, the new position has already paid dividends for the

Reserve Components. For example, when ROA testified in support of the elevation of the Deputy Assistant Secretary of Defense (Reserve Affairs), to a full ASD-position, we advised Congress that the DASD(RA) did not meet with the Secretary of Defense. Nor did he have a seat on the various policy boards that determined policies and resources affecting the Reserve. We are pleased to say that the first person to serve in this position, The Honorable James H. Webb, Jr., is meeting regularly with the Secretary. And he represents the Reserve viewpoint on numerous boards and committees.

Secretary Webb is also testifying to Congress on behalf of the Reserve Components he manages. Before the SASC Manpower and Personnel Subcommittee, he recently stated:

> Effective fighting forces are a product of equipment, training, cohesion, leadership, and individual dedication. Under this administration, and with the firm commitment and support of the Congress, we have made vast strides in equipping and modernizing the Guard and Reserve. Much has been done in this regard but, because of past neglect and the increasing reliance on the Reserve Components, much remains to be done in the area of equipage.

The FY83 Readiness Assissment of the Reserve Components, issued by the Reserve Forces Policy Board last year advised that "Equipment continues to be the most serious and limiting factor affecting force readiness of the Reserve Components." The RFPB also reported:

> Comparing the Five Year Defense Plan (FYDP) for the period FY 1984-1988 and FY 1985-89, the Board notes the percentage of Reserve increased from 3.4% to 4%. This is an important improvement. The Board remains seriously concerned however, that the 15 year period still reflects a decrease in the Reserve Components' share of the Defense budget from 5.6% in FY 1975 to 4.0% in FY 1989.

With these general remarks in mind, it also should be recognized, as Secretary Webb told the Manpower Subcommittee, " The Guard and Reserve have significant strengths in the areas of cohesion, leadership, and dedication." Reserve Components provide strong leadership in every aspect of life in all 50 states, the Commonwealth of Puerto Rico and U.S. possessions.

He added:

> Guard and Reserve leadership is provided by

those same people who are leaders in the community, industry, and government. Thus, Guardsmen and Reservists in military leadership positions have ample opportunity to acquire and practice skills that are common to leadership in any circumstance, military or civilian. And finally reservists, particularly career reservists, are deeply dedicated to their country and the military which they serve. The rewards of Guard and Reserve duty, if measured in terms of dollars, are minimal. On the other hand, the demands of that duty are considerable.

I wish now, with your consent, to examine the Reserve Components by Services.

ARMY RESERVE

The Congress has been requested to provide $3.2447 billion in obligational authority to fund the Army Reserve's programs in FY86. The following chart compares the Army Reserve budget request for FY86 with obligations for the last two (2) years.

($ in Millions)

	FY84 ACTUAL	FY85 ESTIMATE	FY86 BUDGET REQUEST
Reserve Personnel Army (RPA)			
Excluding Retired Pay Accrual	1,322.0	1,559.3	1,792.5
Retired Pay Accrual	-0-	531.7	601.9
Total RPA	1,322.0	2,091.0	2,394.4
Operations and Maintenance	691.6	732.7	779.6
Military Construction	55.0	69.0	70.7
Total Program	2,068.6	2,892.7	3,244.7

The FY86 budget statistics substantiate the economic wisdom of the decision by the Congress to strengthen the role of the Reserve Components in our national defense. Thanks to the efforts of the Congress, the Army has frozen the strength of the Active Component, and systematically, is transferring to the Army Reserve viable roles, missions and management functions. The requested increase in FY86 to 300.4 thousand members in the Selected Reserve, from 285.7 thousand in FY85 indicates the ever increasing role being played by the Army Reserve. ROA applauds the Army for taking these

cost effective measures, and has confidence in the ability of the Army Reserve citizen soldier to become an equal partner in the total Army.

ARMY RESERVE PERSONNEL STRENGTH

	FY83 ACTUAL	FY84 ACTUAL	FY85 ESTIMATE	FY86 BUDGET REQUEST
Paid Drill Strength	251.1	255.3	263.1	272.4
Active Guard/Reserve	7.0	8.8	10.7	14.7
Individual Mobilization Augmentees (IMA)	8.1	10.9	11.9	13.3
Total Selected Reserve	266.2	275.0	285.7	300.4
Individual Ready Reserve (IRR)	246.4	276.6	271.3	272.7
Total Army Reserve	512.6	551.6	557.0	573.1

The substantial sustained growth in USAR strength is a tribute to the effective support of the Congress. ROA continues to advocate for the Selected Reserve incentive program. Experience has shown that the payment of cash bonuses to individuals in selected military skills, and in high priority units, is one of the most cost effective retention tools in a volunteer military force. Retention of quality experienced soldiers increases a unit's combat readiness. We urge the Congress to protect its investment in the Army Reserve by extending the bonus incentive programs.

Full-Time Support

ROA supports the budget request to fund an end strength of 14,700 full-time USAR active duty personnel, an increase of 4,000 over FY85. The Congress recognizes the importance of Full Time Manning for enhancing USAR unit readiness. This is expressed in the Department of Defense Appropriation Act of 1985, Conference Report 98-1080.

> It is the sense of the Congress that the number of members of the Army Reserve and of the Army National Guard assigned to Full Time Manning only should be increased to 14 percent of the total membership of the Army Reserve and of the Army National Guard respectively, by FY89.

The budget request provides for a modest increase, which if approved will increase full time support to 6.7 percent, less than 50 percent of the goal.

Individual Ready Reserve

With a current pool of over 270 thousand volunteer members, which is anticipated to increase to over 370 thousand in FY90, the IRR represents a valuable asset, which upon mobilization will be used to bring active and reserve component units up to wartime strength. The Congress has recognized the importance of the IRR by extending military service obligations and providing an IRR bonus program. The bonus program has resulted in the highest historical rate of reenlistment of IRR soldiers, nearly 5,000 reenlistments in FY84, or 13 percent of the eligible population. The program is dynamic, with bonus eligible military skills changed in accordance with mobilization needs. To ensure continued strength maintenance in the IRR, ROA recommends Congressional authorization and funding for the IRR bonus program.

Army Reserve Personnel Center

In just one year of existence, the success of the Army Reserve Personnel Center (ARPERCEN), activated on February 3, 1984, as a field operating agency of the Office of the Chief, Army Reserve, has proven why the Congress on page 196 of a report accompanying the Omnibus Defense Authorization Act of 1984 stated,

> The Committee believes that Reserve Readiness would be enhanced if the Army, Navy, and Marine Corps delegated more authority to their respective Reserve managers.

Under the command and management of the CAR, Army Reserve Managers at ARPERCEN familiar with the unique personnel problems encountered by citizen-soldiers, have organized viable programs for managing and training the almost 300,000 members of the IRR, the Active Guard/Reserve, and Individual Mobilization Augmentees. Programs developed by ARPERCEN which are now operational include:

(1) Expediting of IRR soldiers recruited into Troop Program Units (TPU's)...Thirty-three thousand assignment orders were issued in FY84.

(2) Management of Lieutenants...In FY85 ARPERCEN will assign some 2,000 new lieutenants to TPU's, with a long term benefit of a stronger TPU officer corps, and better professional development of young officers.

ROA congratulates the Army for having taken this important first step in the process of transferring proponency for Army Reserve personnel management to the CAR. We believe the time has come to complete the process, and further enhance the management of Army Reserve personnel by transferring proponency for the remaining functions currently performed by the Reserve Components Personnel Administration Center to the CAR. It is a cost-effective measure, makes good sense from a management stand-point, and further implements the stated desire of the Congress to enhance the authority of the Reserve Chiefs. As one committee of Congress has said with respect to the creation of the Army Reserve Personnel Center as a field operating agency of the Chief, Army Reserve:

> The executive role of the Chief of the Army Reserve will be enhanced by his new responsibility for the management of the individual personnel assets of the USAR. The new executive authority is a welcome, but long overdue, addition to the advisory responsibilities of the Chief.

Senate Armed Services Committee, Report No. 98-174, 5 July 83, p. 195.

Command and Control

FY86 Army Reserve manning of 574,000 (37 percent of total Army strength) and a budget with obligational authority of 3.2 billion (63% higher than FY84), attest to the increased reliance on the Army Reserve in military planning. Commensurate with the foregoing responsibilities and the growing importance of the Army Reserve to National Security, ROA strongly recommends that the Chief, Army Reserve be elevated to the rank of Lieutenant General. This enhancement, would clearly be in consonance with the Congressional intent of Public Law 90-168 that Reserve Chiefs be functional managers of their respective components.

In addition, ROA recommends that an additional Deputy Chief Army Reserve be authorized at the two star level, and that the Commander of ARPERCEN be elevated to one star rank.

We further recommend that full time Reserve General Officer positions be charged against the AG/R strength authorization.

NAVAL RESERVE

As ROA has often stated during the last few years, the support and direction provided by Secretary Lehman and the CNO, Admiral Watkins, have led the way in upgrading the Naval Reserve as a fighting force. The Navy's policy of horizontal integration of equipment into the Naval Reserve has proved to be highly successful. The introduction of front line ships--Knox and Perry class frigates, and soon modern Mine Warfare ships; front line aircraft--F/A-18s, A-7Es, F-14As, and E-2Cs,--is strong evidence of the Navy's intention to make "One Navy" a viable reality. ROA, in the strongest possible terms, urges continued Congressional support of these Navy initiatives.

As Navy Secretary Lehman stated during FY86 posture hearings, "...The Reserve must provide immediate augmentation to the active force in time of emergency across the entire spectrum of warfare. To implement that common sense policy requires providing the Reserve with equipment compatible with the active forces. For instance, instead of providing the Reserve only such equipment as it becomes obsolete and removed from the active force, there should be a parallel spectrum of new and old equipment reflected in the Reserve in the same proportion as in the active force..."

Last year ROA noted that the 1984 Naval Reserve Total Force Report to the Congress demonstrated a singular innovativeness and cooperation with Congressional intent. Indications are that the 1985 Total Force Report will be another positive document refining many of the initiatives contained in

the 1984 Report and proposing additional areas for Naval Reserve participation, such as (1) formation of two Reserve supersonic "Aggressor" squadrons; (2) replacing two light attack squadrons with medium attack (A-6E) aircraft; (3) acceleration of Naval Reserve transition to P-3C aircraft, etc. The FY86 Navy budget submission does nothing to erode that confidence.

The Navy is to be highly commended for these initiatives. Several years ago, the Navy's support for, and appreciation of, the Naval Reserve was, for all practical purposes, non-existent. However, tremendous strides have been made and as ROA has stated repeatedly during the past two years, "The Navy now may well be in the forefront of all the services in support for their Reserve component."

I would now like to provide some comments about certain specific items in the FY86 program.

PERSONNEL

The Administration proposal to attain 118,209 Selected Reservists (Category A) by the end of FY86 is strongly supported by ROA. This number represents an increase of 8,209 (7.5 percent) over FY85 and will put the Naval Reserve paid strength at 95.1 percent of wartime requirements. The current Navy plan calls for a Category "A" Selected Reserve strength of 132,574 by the end of FY90, an increase of over 33,000 from the plan submitted three years ago. A truly remarkable and amazing turnaround!

Accordingly, ROA strongly urges approval of the Reserve Personnel funding request of $1.354 billion which will support an FY86 Naval Selected Reserve (Category A) strength of 118,209.

Even with increased personnel strength in the Naval Reserve, the manning of high priority units, particularly the NRF ships, remains a problem. A significant contributing factor to the manning problem is the rigorous training and long hours spent by the Reserve crew when the NRF ship goes to sea for the weekend. Such duty is not a "report at 0800, secure at 1700" type of drill found at many Reserve activities. The ship goes to sea for the weekend--crew members don't go home on Saturday night. In addition to the eight hours of rigorous training which takes place during the working day, watches must be stood around the clock when the ship is at sea. For all of this extra work, the NRF Reserve crew member receives no incentive, except the "joy of going to sea."

Accordingly, the Navy has submitted proposed legislation to amend 37 USC, "...to authorize payment of an incentive pay to enlisted personnel of the Selected Reserve who participate in certain units as designated by the Secretary of a Military department..." This proposed legislation would provide incentive pay of up to $10 per drill to those enlisted Reservists in units so designated--which would amount to $40-$50 per drill weekend. Such an additional amount seems somewhat less than dramatic in today's economy; however, a study conducted by the National Defense University indicated that a $10 per drill incentive would improve drill attendance and increase NRF ship readiness. With the increasing number of modern, front line ships entering the Naval Reserve creating even greater reliance on the NRF, full manning of these ships is a most critical need.

I understand that this proposal has been cleared by OSD as part of the DOD Legislative Program, and has been included in the FY186 DOD Legislative Contingency Fund at a level of $.8 million. The written proposal is waiting clearance at OMB.

ROA strongly urges passage of this legislative proposal

and also recommends that the FY86 funding level of $.8 million be approved.

The FY86 RPN budget submission of $1.354 billion also includes an increase of full time support active duty (TAR) personnel from the FY85 level of 15,210 to 17,973. This increase of 2,763 represents necessary support for the rapidly growing Selected Reserve force (+828); the frigate program (+1,490); and aircraft squadron transitions (+445). ROA recommends that this requested increase in full time support personnel also be approved.

Along with this increase in full time support personnel, ROA also recommends approval of the requested TAR Selective Reenlistment Bonus. This bonus will be targeted at expanded ratings for NRF ships. While it will provide greater equity with USN shipmates serving on the same NRF ships, the amounts paid will still be less than that given USN personnel, since the NRF ships do not deploy.

One final personnel item involves HR 1441 introduced by Congressman Montgomery on 8 March 1985. ROA strongly supports this bill which would authorize an increase in the maximum number of Deputy Chiefs of Naval Operations (DCNO) from six to seven in order to provide for a DCNO(Naval Reserve)

The Naval Reserve is an integral part of the Navy's total force in virtually every mission area. This role is expanding at an ever-increasing rate. Naval Reserve forces are being modernized to provide increased capability and ensure compatibility with active forces. The establishment of a Deputy Chief of Naval Operations (Naval Reserve) will improve the Navy's capability to ensure that the expansion of the Naval Reserve is accomplished in an effective and expeditious manner.

Implied in the establishment of a DCNO (Naval Reserve) is that, at some point, the incumbent would be a Vice Admiral. ROA strongly supports the concept of a Vice Admiral as the DCNO (Naval Reserve). We hope that some relief can be obtained from the current Vice Admiral ceiling so that both aspects of this very major change in Naval Reserve leadership representation can be effected. As a matter of interest, Secretary Lehman recently stated that next to the goal of a 600 ship Navy, a Vice Admiral DCNO (Naval Reserve) was his number one priority.

NRF FRIGATES/LAMPS I HELICOPTERS

The Navy plan to transfer modern, mission capable frigates to the Naval Reserve is proceeding on schedule. By 1990, eight FF-1052 Knox class and eighteen FFG-7 Perry class frigates will be in the NRF. Currently, six Knox class and three Perry class frigates are in the NRF, with two more Perry class scheduled to transition to the NRF later this year and four more in FY86.

One must remember, however, that these ships were Admiral Zumwalt's low end of the high-low mix. They're merely platforms with questionable capability of performing any mission without retrofitted sensors and weapons. We have always understood that these frigates are "programmed" to receive the AN/SQR-18 Tactical Towed Array Sonar System (TACTAS) and the LAMPS I ASW helicopter.

After a somewhat shaky start, LAMPS I procurement does appear on track, at least for now. Six were authorized and funded in FY84 and six in FY85; six more are requested in the FY86 budget.

We remain somewhat concerned, however, about the funding for TACTAS, although Secretary Weinberger stated in his FY86

Report to the Congress that all FF-1052s and all NRF FFG-7s would receive TACTAS. We have been told that the NRF FFG-7s will have both LAMPS I and TACTAS by FY88. Nevertheless, ROA remains concerned until we see an NRF TACTAS funding request contained in a budget submission to Congress.

Accordingly, we ask that the Congress ensure that these Naval Reserve ships are adequately equipped to perform the missions to which they will be assigned, particularly in the area of Tactical Towed Array Sonar and ASW helicopters. Both systems should be installed now, not in years to come. As part of this effort, we strongly recommend that Congress approve the six SH-2F LAMPS I helicopters requested in the FY86 budget and that the Navy be asked to provide an installation schedule (by hull number) concerning the retrofit of NRF frigates with TACTAS.

COMBAT SEARCH AND RESCUE

The only Combat Search and Rescue (CSAR) capability in the Navy rests in the Naval Reserve with aircraft which are approaching an average age of 25 years and are not survivable against today's threat. The Congress, recognizing this weakness in our warfighting capability, added $12 million in FY85 for the purchase of two HH-60 aircraft for the Naval Reserve CSAR, which will be delivered in July 1985. The HH-60 combines features of the UH-60A and the SH-60B to form a highly maneuverable, air transportable helicopter, capable of combat search and rescue.

Additionally, the Naval Reserve has the only Light Attack Helicopter (HAL) squadrons (HAL 4 and 5) in the Navy. As Congress has previously supported, the Navy plans to combine the CSAR and the HAL missions, creating two squadrons, instead of three, one at Norfolk and one at North Island. This plan

requires nine HH-60s per squadron. Accordingly, the FYDP currently programs funding for three each in FY87 and FY88. However, there are no HH-60s requested for FY86.

In accordance with the Congressional recognition of this problem during FY85 deliberations, ROA strongly recommends that this vital modernization program be continued and that $12 million be added again in FY86 for the purchase of two additional HH-60 helicopters.

MARITIME PATROL AIRCRAFT

Last year we expressed concern that the Navy's Total Force Report rejected the formation of Naval Reserve P-3C (ORION) hardware equipped squadrons and proposed instead the formation of Master Augment Units (MAU) in which Reserve training would be accomplished with Active Force P-3C aircraft.

ROA is most pleased to see that the Navy now plans to introduce P-3C aircraft into the Naval Reserve, as well as continuing the MAU program. The MAU program is a promising concept for the Naval Reserve and is very similar to the highly successful Associate Unit program in the Air Force Reserve--nevertheless, in and of itself, it is insufficient. However, the Chief of Naval Operations recently stated that introduction of the P-3C into the Naval Reserve Force is a high priority consideration and the Navy plans to have a P-3C squadron in the Naval Reserve by FY88. Five of the squadron's nine P-3Cs are to be reassigned active assets and the other four will be FY86 production aircraft which are currently in the budget request. The CNO further noted that follow-on transitions for production P-3C aircraft will continue for the Naval Reserve at a rate of four aircraft per year, or one squadron every two years through 1993 when the active forces complete P-3C

transition. After 1993, the Naval Reserve will transition one squadron (nine aircraft) per year.

The Navy is to be highly commended for expanding the policy of horizontal equipment integration into the Maritime Patrol community. Such action is fully supportive of Secretary Weinberger's stated policy of, "First to fight, first to be equipped."

The P-3C is the primary ASW system in the inventory. Accordingly, the P-3C rate of procurement is critical to maintain the force level and the operational effectiveness of our Active and Reserve forces. Twenty of the twenty-four active squadrons are currently equipped with the "C" model; the remaining four active and all of the Reserve squadrons now operate the older "A" and "B" models.

Because of the high rate of procurement of lightweight P3A/Bs in the early 1960s, these aircraft will reach their service life end-date in large numbers in the early 1990s. Unless the current programmed buy rate of P-3Cs is maintained at nine or more aircraft per year, transfer of newer aircraft from the active component will not keep up with the retirement of the Reserve aircraft caused by block obsolesence. Such a reduction in overall numbers of VP aircraft through retirement without replacement would seriously erode the Navy's ASW firepower.

The current Navy P-3C procurement plan of nine per year is a marked improvement over recent plans which called for only five per year. (Congress is to be commended for ignoring those plans and funding procurement of nine aircraft in the FY85 Appropriation.) Nevertheless, a procurement level of nine aircraft per year will still preclude an all P-3C Active and

Reserve force until about 2009, and poses questions about adequate total force levels in the 1990s. Indeed, when asked during last year's hearings, "What production rate of P-3C aircraft would be necessary to replace the P-3As and lightweight P-3Bs as they reach the end of their service life, without incurring a reduction in the total force level?" Vice Admiral Schoultz, then Deputy Chief of Naval Operations (Air Warfare), responded, "Twenty-two per year."

Recognizing that a procurement rate of twenty-two per year was outside the bounds of fiscal reality, ROA joined with the Naval Reserve Association last year and strongly recommended a procurement level of twelve P-3C aircraft per year.

However, in addition to the nine P-3C per year procurement plan, the Navy now intends to commence service life extensions (SLEP) and avionics modernization of the P-3B (heavyweight) aircraft beginning in 1989, continuing through 1991 ($16-18 million per aircraft). These aircraft would be assigned to the Naval Reserve and would continue in the inventory until 2001. There are no plans to SLEP the P-3A or P-3B (lightweight) aircraft or to provide avionics modernization other than TACNAVMOD, which will be complete in FY86, or such other relatively minor modifications as necessary to provide a stopgap until the Reserve receives replacement P-3Cs.

The Navy appears firmly convinced that the nine per year P-3C buy, combined with the P-3B (heavyweight) SLEP/avionics modernization, will be sufficient to maintain a Maritime Patrol Force at the required level and capability. As noted earlier, however this plan does pose some questions: (1) Will sufficient "pipeline" aircraft be available to maintain the force level when required? (2) Are overhaul periods for each aircraft being taken into consideration, vis-a-vis required

operating force levels? (We have heard that overhaul cycles are currently being extended significantly.) (3) The Navy five year plan shows only eight P-3Cs, not nine, being procured per year, FY88-90. (Nine P-3 type aircraft are planned for procurement each of those years, but one will be an RP-3D (oceanography) aircraft, not a P-3C ASW aircraft). How will this reduced P-3C procurement rate impact on the required Maritime Force Level? (4) Lockheed estimates a cost savings of 12-13 percent per year for multi-year procurement of 12-15 P-3Cs per year as opposed to 8.7 percent for nine per year. Is such a savings sufficient to warrant procurement at enhanced levels?

During the course of the FY85 DOD hearings, conflicting testimony was presented to the Congress about the required annual P-3C procurement rate; additionally, there are conflicting studies about Maritime Patrol Force structure requirements. The SASC directed that the Secretary of the Navy furnish, in conjunction with the submission of the FY86 Defense Budget request, a comprehensive master plan for modernization and maintenance of the Navy's air ASW forces, both in the Active and Reserve components. We understand that report is still in preparation.

Accordingly, in view of (1) the national deficit problem; (2) the Navy's strongly stated position that the current procurement plan is adequate; and (3) non-availability of the comprehensive Maritime Patrol report requested by the Congress, ROA will not at this time recommend enhanced procurement of twelve aircraft per year, as we did last year. We do reserve judgment, however, pending completion of the report and further analysis of the situation.

However, in the strongest possible terms, we urge that the Congress support the Navy's plan for introduction of P-3C

aircraft into the Naval Reserve; further, that the Navy's request for procurement of nine P-3C aircraft in FY86, as well as the requested funds for advance procurement of 33 P-3Cs under the proposed multi-year contract, FY87 - FY90, be authorized and funded.

MINE WARFARE/MINE COUNTERMEASURES

Today, the Warsaw Pact nations pose the greatest mine threat to the free world. the Soviets have emphasized mine warfare technology for generations and now possess the largest stockpile of mines in history and the largest force to deliver them. There is complete agreement that our present surface mine countermeasures forces are totally inadequate to counter this threat.

As a start towards closing this obvious gap, the contract for the USS Avenger (MCM-1), our first new mine countermeasures ship since the 1950s, was signed on 29 June 1982. Nine MCM-1 class ships have now been authorized and funded, and four more are contained in the FY86 Budget request. The first four ships are scheduled to join the NRF in 1987.

Being "high-mix ships," the MCMs are not only extremely capable, but expensive as well. Accordingly, the Navy is planning to augment this MCM force with 17 less expensive mine countermeasures ships which will be used primarily as minehunters (MSHs). The lead ship of the MSH-1 class was authorized and funded in FY84. Bell Aerospace Textron of New Orleans won the competition for the production of the lead ship, based on the revolutionary surface effect design.

ROA strongly urges that Congress approve procurement of the four MCM-1 and the four MSH-1 class ships requested in the FY86 budget.

CRAFT OF OPPORTUNITY PROGRAM (COOP)

COOP is a low cost force multiplier for the wartime mine countermeasures mission. This year the first six units were established using converted fishing vessels and former Naval Academy training craft (YPs). The Navy plans to convert four more fishing vessels and two YPs in FY86. This Reserve manned program is planned to grow to 22 craft with 88 crews, all enlisted, by 1990. Such a program provides a low cost augmenting Mine Countermeasures force which is sorely needed, given our almost overwhelming shortfall of MCM assets.

An extremely valuable peacetime training benefit is that the Reserve crews become intimately familiar with assigned ports and associated "Q" routes. Their continuing route surveys identify and record minelike objects during peacetime which will enable a much faster mine clearance during wartime.

However, rehabilitation of confiscated trawlers and other craft used in the drug trade has proven to be unexpectedly expensive--$800 thousand to $1 million per craft. Accordingly, the Navy is looking at other options, such as lease/buy, as a possible way to outfit the COOP program at lower cost.

ROA urgest continued Congressional support for this program as it evolves.

ARAPAHO

Previously, most of the discussion about ARAPAHO concerned a convoy protection program which places ASW helicopters on board merchant ships, although it was also noted that the concept is adaptable to other missions, such as mine counter-

measures. Nevertheless, despite continuing Congressional interest, the Navy generally chose to ignore ARAPAHO for a variety of reasons.

However, ARAPAHO has finally surfaced in Navy planning--as a mine countermeasures platform. The Navy has programmed approximately $32 million in FY87 and $45 million in FY88 to construct two ARAPAHO facilities, one for each coast, to operate five RH-53 aircraft each in an Airborne Mine Countermeasures role.

ROA continues to support the concept of ARAPAHO for a variety of missions as a relatively low cost item. We still believe that its primary role will eventually be confirmed as a lower cost ASW force multiplier; we nevertheless welcome the current Navy initiative and urge Congressional support.

MARINE CORPS RESERVE

The Marine Corps Reserve is a major factor in the Total Marine Force, contributing one-fourth of the structure and one-third of the manpower. As has been the case for the last few years, the Marine Corps Reserve manpower requirements appear to be well provided for in the FY86 budget request.

ROA compliments the Marine Corps on their continuing recognition of the Reserve contribution and on their consistent support of the Reserve component. The Marine Corps Reserve Budget has reflected real growth every year since FY78. This support has enabled the Marine Corps Reserve to meet and usually exceed the OSD Program Guidance. Accordingly, ROA strongly urges approval of the Reserve Personnel funding request of $290 million which will support an FY86 Marine Corps Reserve Selected Reserve end strength of 43,019 (average strength 41,900). While these numbers are somewhat lower than

those which were projected previously, this reduction resulted from a conscious decision on the part of the Marine Corps to eliminate marginal performers from their Reserve Component. This five percent reduction was accompanied, however, by a fifteen percent improvement in average job skill qualification and, concomitantly, an increase in readiness.

While this reduction has necessitated a revised manpower attainment plan, the Marine Corps, nevertheless, retains the goal of achieving full Reserve wartime strength by 1990.

ROA also strongly supports the newly established Marine Corps Reserve full time support program. Prior to 1984, such support was provided by regular active duty Marines. However, as is the case with all other Reserve Components, the Marine Corps recognized the value of utilizing a number of Reserve personnel to assist in organizing, administering, instructing and training the Reserve. The program started with 803 personnel in 1984, and keeping pace with Marine Corps Reserve development, is programmed to grow to over 1700 in 1989. We strongly urge Congressional support of this effort.

ROA strongly supports Marine Corps efforts to modernize the Reserve Ground Combat Forces. The "single acquisition objective" procurement program is designed to ensure that equipment upgrading occurs in Reserve units to correspond with active counterparts. Current planning calls for the introduction over the next few years of the Mark 19 heavy machine gun; the squad automatic weapon (SAW); the M198 155mm towed howitzer; the shoulder launched multi-purpose assault weapon (SMAW); the Light Armored Vehicle (LAV); the high mobility multi-wheeled vehicle (HMMWV); and other major items of modern ground equipment. We urge Congress to support these efforts and expedite this modernization process to the maximum extent feasible.

Unfortunately, the Marine Air Reserve is lagging far behind the ground forces in equipment modernization. The Fourth Marine Air Wing is severely limited in its capability to augment and reinforce the active forces due to aging aircraft, aircraft shortages, incompatibility between active and Reserve aircraft and block obsolescence. Unfortunately, the Marine Corps has not initiated a horizontal integration of equipment policy in their air Reserve program as has the Navy. Since the same rationale applies and since the Marine Corps is a part of the Navy Department, ROA does not understand the reason for this problem. The Marine Air Reserve should commence as soon as possible to replace aging and incompatible F-4s. While the Marine Corps Reserve has a stated goal of having an all F/A-18 fighter attack force, the transition to F/A-18s is not scheduled to begin until 1991. In our opinion, that is far too late, particularly given the fact that Naval Air Reserve Units are already transitioning to F/A-18s. ROA urges Congress to direct implementation of horizontal equipment integration in the Fourth Marine Air Wing similar to that already underway in the Naval Air Reserve.

Congress has previously directed establishment of two Marine Air Reserve KC-130 aerial refueler/transport squadrons and further directed expedited procurement for this purpose. Ten KC-130 aircraft were funded for the Fourth Marine Air Wing as Congressional add-ons in FY82, FY83, FY84, and FY85. None are requested in the FY86 budget, therefore, still leaving a total of ten KC-130s to be procured to meet the Congressional mandate. ROA recommends additional funding be added again this year to procure two additional KC-130 aircraft for the Marine Air Reserve.

The Marine Corps has developed long range plans to upgrade the capabilities of the Marine Air Wing. The intent of

these plans obviously is laudable. However, as noted earlier, they are far in the future and depend on too many variables. ROA strongly urges the Congress immediately to commence authorization and funding for this long overdue modernization program as the most critical need for the Marine Corps Reserve.

COAST GUARD

Finally, as we have done each year before this subcommittee, I would like to briefly mention the concern of ROA about the Coast Guard and Coast Guard Reserve. While this issue is not specifically a subject of this hearing, the Coast Guard, nevertheless, plays a significant role in the overall arena of seapower. Certainly, the military readiness of the Coast Guard is an item of concern to the Armed Services Committees of the Congress.

The Coast Guard's capability to carry out wartime taskings is a matter of well known serious concern. These shortcomings have been set forth time and again in magazine and newspaper articles, in GAO reports, and in Congressional oversight reports. None of these independent evaluations appear to make any significant impact on the Administration.

Although funding for the coast Guard was increased by more than twenty percent from 1981 to 1982, further increases have not occurred. If adjusted for inflation, the President's proposed 1986 budget for the Coast Guard would be lower than any Coast Guard appropriation since 1981, nine percent lower than the budget approved in 1982, and three percent lower than the budget approved for FY 1985.

Althought the Coast Guard Reserve strength is only 12,500 (fifty percent of the newly validated requirement of

25,000), no increase was requested for FY 1986. An active force reduction of 620 military and 213 civilian personnel was requested. This reduction was proposed in the face of the FY 1985 and 1986 Authorization Act which, for the first time in history, mandated an active duty end strength floor of 39,150 "intended to halt the decline which has occurred in the military strength of the Coast Guard." The Administration has actually asked that a personnel expenditure ceiling be enacted which would provide funding to support only 38,220 personnel--presumably to supercede the legal requirements of the Authorization Act.

The FY 1986 budget request would not fund any significant increase in Coast Guard operations in any geographic or mission area; nor are funds requested for the purchase of any equipment that would expand the scope or overall operational capability of the Coast Guard beyond the levels of years past.

In conjunction with these facts, it should be noted that the 1981 House "Semi-Paratus" Report (H.R. 97-355) found that "a serious imbalance now exists between the scope of Coast Guard responsibilities and the resources available to the service. This imbalance is causing a steady deterioration in the ability of the Coast Guard to carry out its missions effectively." The oversight report recommended that the Coast Guard should give its highest priority to at-sea operational missions, including search and rescue, law enforcement, and military readiness. To this end, funds should be authorized and appropriated to permit improved operational effectiveness in a least these three areas, and to provide the required personnel, training, equipment, and maintenance. This Congressional report has obviously been ignored by the Administration!

The General Accounting Office has found serious problems concerning plans and programs to assure the continuity of vital

wartime movements through U.S. Ports. (GAO/NSIAD 83-18 dated 30 August, 1983)

This report did not reveal anything new. It pointed out problems we have been talking about for years. We all know that our ports are vitally important to military mobilization. We also know that they are highly vulnerable to major disruptions because of terrorism, sabotage, mines, etc. The GAO found no one is "in charge." Lots of people and agencies are doing different things. However, no one is coordinating between the various Federal, State, and Local Government agencies in order to assure continued port operations in such an emergency situa- tion.

Coast Guard Buoy Tenders are assigned to the Navy upon mobilization. Their presence is critical in ensuring proper harbor markings in the event a harbor undergoes damage. Their presence is vital to ensure movement of war materials, troops and quite possibly, the Rapid Deployment Force, out of the harbors. Nevertheless, the Administration approach is to construct single mission, limited usage ships and to contract out more and more of the aids to navigation responsibility. Such an approach will eventually phase out all Coast Guard Buoy Tenders and the Navy will receive no aids to navigation support from the Coast Guard on M-Day. This, again, is an example of administration efforts to civilianize and contract out various Coast Guard functions with little, or no, thought given to national security implications.

As noted earlier, the requested Coast Guard Reserve Strength level of 12,500 represents only 50 percent of its wartime requirements. In comparison, the other Armed Services Reserve Components are authorized and funded to strengths approaching an average 90 percent of mobilization requirements and are still increasing.

ROA strongly recommends that, as a minimum, the Coast Guard Selected Reserve strength be increased in annual increments to 75 percent of current stated requirements--18,750. ROA further recommends that the FY 1986 Coast Guard Selected Reserve strength be increased from 12,500 to an average strength of 13,200--the strength level requested by the Commandant, but ignored by DOT and OMB.

The Coast Guard is part of the Naval Community with specialized knowledge and skills. Upon mobilization, the Navy will ask more of the Coast Guard than current capabilities can probably provide. The necessary Coast Guard contributions to the Maritime Defense Zone Initiative and their recent support in Grenada are examples as to why the Coast Guard must stay ready and better prepared in a volatile world.

The Administration appears unwilling to ask the Congress for those increases necessary to meet military readiness requirements. ROA solicits your support in joining with other members of Congress in the maintenance of a Coast Guard which is fully manned, trained and equipped to meet both its peacetime and wartime missions. It is imperative that the Coast Guard and Coast Guard Reserve be fully prepared to meet their statutory military duties as prescribed in 14 U.S.C. 1, which provides for the Coast Guard to be "...a military service and branch of the Armed Forces of the United States at all times."

ROA has recommended to numerous Administration officials that National Security be a paramount item of consideration when the Coast Guard budget is being evaluated. Further, we have recommended that the Defense Department, the Joint Chiefs of Staff, and the National Security Council be required to comment specifically on the national security implications of any proposed reduction, modification or "contracting-out" of any role, mission, or function of the Coast Guard, including

proposed reductions of personnel strength. To the best of our knowledge, none of these recommendations have been taken seriously.

The Coast Guard certainly has the support of the American people. They obviously don't have the full support of the Administration. As in past years, they need yours. ROA would also ask that the members of this subcommittee initiate efforts to ensure that the Commandant of the Coast Guard testifies annually before the full House Armed Services Committee concerning the capability of the Coast Guard to fully carry out its national security role as part of the Seapower Team.

Mr. Chairman, that concludes my presentation. I will be pleased to respond to any questions you or other committee members may have.

AIR FORCE RESERVE

The Air Force Reserve (AFR) has achieved new levels of strength and readiness during the past year. In FY84 it attained and end strength of 70,318 versus a programmed 69,880. Despite an increase of more than 3,000 people during the year, quality was maintained with 97 percent of all non-prior service enlistees high school graduates. This is a seven percent increase over FY80. The efficiency of the Reserve recruiting program as well as the dedication and hard work of the unit commanders and supervisors is reflected in this accomplishment.

In FY86 an average Selected Reserve strength of 75,600 is requested, a 2700 increase over FY85. This reflects the military personnel requirements for aircraft modernization and additional units. The AFR's Force Structure units increase in number from 220 in FY85 to 229 in FY86. These include flying units, aerial port squadrons, and civil engineering units. It is gratifying to note that the Air Reserve Forces (AFR plus Air National Guard)

provide nearly 25 percent of all Air Force flying and mission support capability with only 7.9 percent of the budgeted military personnel dollars ($1,618 million of $20,412 million). It is obvious that the Air Reserve Forces are a real bargain in the total force.

The Air Force Reserve is not only cost effective, it is a combat ready, fighting force. Exercises and real world contingencies during the past year have again proved that all AFR units can be mobilized in 24 hours and deployed within 72 hours. With the exception of two units with major aircraft depot maintenance schedules, all equipped flying units are combat ready.

A full spectrum of meaningful missions are performed by the Air Force Reserve. As Reservists train, they often support requirements that would otherwise have to be met by the active force. In FY84 AFR equipped units flew 96,631 passengers and airdropped more than 37,000 troops as part of their normal training missions. In addition, AFR associate C-141 and C-5 units flew more than 82,000 hours and associate aeromedical evacuation units airlifted more than 80,000 patients. Air Force Reserve rescue and recovery units were officially credited with saving 26 lives. During the same period the AFR weather group flew more than 70 percent of all hurricane missions in the Gulf of Mexico.

Among the key personnel in maintaining mission unit readiness are the Air Reserve Technicians (ARTs). These dual status individuals provide the day-to-day management and continuity of their units while performing in their civilian capacity. As military members of their units, they train other Reservists during active and inactive duty training periods. The high skill level and stability of these employees is critical in sustaining the Air Force Reserve's operational readiness. With respect to mobilization readiness, a small number of ARTs who have, through no fault of their own, been separated from their military assignments, must be continued indefinitely in their civil service

positions as "status quo". In an effort to eliminate this problem, changes have been initiated to Title 5 and Title 10 U.S. Code. Last year the Congress provided temporary relief in the FY 1985 DOD Continuing Resolution Authority (CRA) Appropriations Act. Permanent legislation is being requested this year. We thank you for your action last year, and urge your continued support to ensure that the AFR Technician Force is mobilization ready at all times.

The Air Force continues to modernize the AFR with newer aircraft and equipment. This year the first C-141 equipped AFR strategic airlift unit will be established at Andrews Air Force Base, Maryland when the C-130E wing converts to C-141 aircraft. The AFR will provide 100 percent of the aircrews and maintenance personnel for its equipped strategic airlift units. In addition, the AFR will continue to supply 50 percent of the aircrews and 40 percent of the maintenance force for the C-141s and C-5s in the active force fleet through the associate program.

However, on the tactical side, the picture is not as bright. While the first Air Force Reserve F-16 aircraft have been received at Hill Air Force Base, Utah, and new production line F-16's are scheduled for Luke AFB, Arizona in FY87, the conversions programmed for the Air Reserve Forces (Air Force Reserve plus Air National Guard) through FY90 are dependent upon the planned F-15 and F-16 procurement levels. We are concerned that reductions in procurement levels will dictate that the AFR F-4D aircraft remain in the inventory even longer than currently programmed. Consequently, we urge your support of funds to make desired modifications of these F-4s so that they will remain survivable in combat in the late 80s. Last year procurement funds were appropriated by the Congress to provide smokeless engine kits and off-boresight AIM-9L capability for all AFR F-4's. We commend the Congress for its forsight and ask that funds be committed this year to finish the job by equipping these F-4 aircraft with an improved bombing system.

When we look at the tactical airlift force we see that the AFR C-130A fleet averages 28 years of age with no replacements scheduled until the 90s. Even then, replacement is contingent upon the timely procurement of the C-17. We support the C-17, but are concerned that program delays could leave the AFR with no replacements for 35 year old C-130As comprising 20 percent of the tactical airlift force. In the past, Congress has appropriated funds for 72 C-130H add-on aircraft for the Air Reserve Forces, but only 16 of these 72 have been for the Air Force Reserve; the other 56 have gone to the Air National Guard. Currently, the AFR has more A models than the ANG and the imbalance will grow as previously procured aircraft are delivered. We believe that equity and sound operational considerations dictate that the Air Force Reserve share in any further C-130H add-on aircraft procurement,as was the case last year. The Congress has recognized the need for these add-on aircraft and we urge that the program be continued this year.

In summary, the Air Force Reserve's wartime mission is expanding. With your continued support in providing modern equipment and training, the AFR will continue to maintain its superb readiness and combat capability.

COMMISSARY PRIVILEGES

ROA was pleased to see Congress direct the Department of Defense to conduct a test program in which a limited number of Selected Reservists were allowed, at their convenience, up to fourteen commissary visits a year. The test was conducted last year and was very favorably received by the Reserve community. We understand that the modified entitlement influenced individuals to reenlist in the service and thus served as a positive no cost retention factor. We also understand that the impact of the test on commissaries was minimal in the test areas. We look forward to seeing the program expanded to provide all members of the Selected Reserve the opportunity to exercise their commissary pri-

vileges in the same manner that they currently use their post exchange privileges.

In addition, ROA believes that exchange and commissary privileges should not be lost to those who are transferred to the retired reserve after completing twenty or more qualifying years of service. Reservists in this category are in a limbo status until they reach age 60 and become entitled to pay and other benefits associated with military retirement. It would be a low cost benefit to extend post exchange and commissary privileges to these pre-age 60 reserve retirees and would serve as a valuable retention tool for the Reserve Components.

MILITARY RETIREMENT

The Military Retirement system can also be seen as an important readiness issue.

Although the FY86 budget submitted by the administration contains only one proposal specifically addressing military retirees, i.e., the elimination of the Cost of Living Adjustment (COLA) scheduled for 1 December 1985, ROA is concerned over the proposals affecting civil service retiree COLA's that could affect the military retiree. The administration's proposal to cap civil service COLA's in future years at the lower of the consumer price index (CPI) or the federal pay increase, and then apply that lower COLA to the first $10,000 of retired pay and 55 percent of the lower COLA to amounts over $10,000, if enacted into law, will apply to military retirees unless specific delinkage language is included in the legislation. This means testing philosophy that rests behind the application of such a formula to earned staff retirement programs causes us great concern. We hope the Congress will reject this new philosophy and preserve the principle that retired pay should retain the purchasing power present at the time of retirement.

Although the administrations FY86 budget submission contains no major restructuring of the military retirement system, we feel

it necessary to state again that a series of piece meal erosions in the value of military retirement have been and are still taking place. And these changes are being made without a thorough analysis of the impact that they can have on our nation's ability to attract and retain the personnel needed to adequately man our defense structure. It is estimated that the changes which have been made to military retirement since 1980 alone will decrease the lifetime retirement pay by approximately 20 percent for those fully affected. Unfortunately, changes of this magnitude have not slowed down the attacks on the military retirement system and are often completely overlooked by those who speak or write against military retired pay.

For the U.S. Armed Forces, the military retirement system is a vital manpower management tool which permits the retention of a young force with the experience and skills necessary to meet our worldwide national security obligations. From the individuals point of view, retirement is part of the economic security package that the service member counts upon during his years of service with its attendent personal and financial hardships. Military retirement is the number one factor in the reenlistment of our career personnel. It should also be noted that military retirement is becoming of increasing importance in the initial enlistment decision. In the all volunteer environment, and with a decreasing youth population, further changes to the current system could well result in our Nation's inability to attract and retain the quality and quantity of personnel needed to meet our defense committments.

The current military retirement system has proven to be effective in being a force management tool and in providing a form of economic security for those who are willing to endure for a minimum of twenty years the hardships, the separations, the loss of many personal civil liberties, and the possibility of facing armed conflict. We therefore urge this committee to carefully evaluate the long term impact of any proposed changes to the current military retirement system. The cost of misjudgement as to the impact of changes can have severe national security ramifications.

Thank you for the opportunity to appear before this Committee. Your support for the men and women in uniform, Active and Reserve, is noteworthy and sincerely appreciated.

I will be happy to answer any questions that you might have on these issues.

Mr. DANIEL. Well, the subcommittee is very pleased to have you appear. I know that your comprehensive statement will be included in the record, without objection. And you have made a substantial contribution to these hearings. We are grateful to you for your appearance.

Admiral SPIRO. We thank you, Mr. Chairman, and the committee.

Mr. DANIEL. Are there any staff questions?

Well, the subcommittee then will stand adjourned till 2 o'clock tomorrow, Thursday, March 28. We will meet in this room, 2 o'clock, with regard to Navy ship overhauls and modernization.

[Whereupon, at 4:02 p.m., the subcommittee recessed, to reconvene at 2 p.m., Thursday, March 28, 1985.]

NAVY SHIP REPAIR AND MODERNIZATION

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, D.C. Thursday, March 28, 1985.

The subcommittee met, pursuant to call, at 1:55 p.m., in room 2337, Rayburn House Office Building, Hon. Thomas M. Foglietta presiding.

STATEMENT OF HON. DAN DANIEL, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, READINESS SUBCOMMITTEE; PRESENTED BY HON. THOMAS M. FOGLIETTA, A REPRESENTATIVE FROM MASSACHUSETTS

Mr. FOGLIETTA. The meeting will now come to order.

The Subcommittee on Readiness hearing on Navy ship repair and modernization is now open.

Today, first of all, Chairman Daniel is delayed, so I will proceed until he arrives.

Let me first welcome Admiral Walsh and Admiral McArthur here today.

Admiral WALSH. Thank you, sir.

Mr. FOGLIETTA. I would now like to take the liberty of reading Mr. Daniel's opening statement.

Today this subcommittee continues its review of the fiscal year 1986 Defense operation and maintenance request with testimony on the Navy ship repair and modernization program. Our witnesses are Adm. William A. Walsh, Director, Surface Warfare Division of the Office of Chief of Naval Operations; and Rear Adm. John C. McArthur, Deputy Commander, Industrial and Facility Management Directorate of the Naval Sea Systems Command. Gentlemen, we are glad officially to have you with us today.

Over the past decade, no single O&M program has generated more congressional interest than the Navy's ship repair and modernization program. I think that this interest has been a major factor in the progress that has been made in recent years.

On the other hand, congressional interest and involvement poses some of the most difficult management challenges the Navy faces in coming years. Whatever the future holds, however, there is no question about the vast improvements in the Navy's ship repair and modernization program. The large unfunded overhaul backlogs of the late 1970's have been eliminated. At the same time, there has been a quantum improvement in the overhaul schedule adherence and the operational availability of naval vessels has increased dramatically as a result of new maintenance strategies geared to

fewer regular overhauls with more restricted or phased maintenance cycles.

This year's ship repair and modernization request clearly reflects this change with 36 percent fewer regular overhauls and a 22-percent increase in shorter maintenance periods.

The subcommittee is particularly pleased with the recent reports of increased savings and greater operational availability as a result of similar changes in the submarine maintenance program.

Finally, the Navy is to be commended for the extensive management studies it has undertaken in recent years to improve ship overhaul and modernization practices. We have yet to see many of the tangible benefits from this effort, but there is every reason to believe they will be substantial.

At the same time, Congress can justifiably claim some of the credit for this progress. Over this entire period, Congress has provided the necessary funding to reduce overhaul backlogs. In fact, Mr. Whitehurst's amendment in last year's subcommittee markup added $71 million to eliminate the remaining backlog of two auxiliary vessels. By eliminating civilian end strength ceilings, Congress has given the Navy greater flexibility in using shipyard personnel in the most effective manner.

Likewise, Congress' strong and continued support of the asset capitalization program has, for the first time in recent memory, given the shipyards the resources and flexibility to enhance productivity for the replacement of obsolescent capital equipment.

Current fiscal realities, however, do not allow us to dwell on our accomplishments. Serious challenges remain, the most important of which is to drive down the cost of ship repair and modernization programs with sacrificing schedule or quality.

I know this will be a tall order, but with the growing pressures on the Navy O&M budget, it has to be done. Recent management studies and GAO and Navy audits indicate that it can be done. We look to you and your colleagues to give us the information we need to assist in this effort.

At this point, I would like to recognize Mr. Whitehurst for his remarks.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, READINESS SUBCOMMITTEE

Mr. WHITEHURST. Thank you, Mr. Chairman, and I would like to join the chairman in welcoming Admiral Walsh and Admiral McArthur.

As I am sure most everyone here today recognizes, I have a keen interest in the subject of today's hearing beyond just my responsibility as a member of this subcommittee. The Navy's ship repair and modernization program is one facet of the shipbuilding industry; is indeed a subject of great importance and of particular significance in the Tidewater area of Virginia.

I agree with the chairman regarding his comments on the tremendous strides which have been made in the Navy's ship repair and modernization program in recent years. The Navy most assuredly deserves to be commended. Perhaps those improvements

are the first rays of light on the horizon with regard to a somewhat large problem.

Mr. Chairman, before I say anything further about the business of ship repair and modernization, I would like to share a story that I once heard.

It seems that Lord North, who was Prime Minister of England during the 1770's, was accustomed to sleeping during the parliamentary harangues of his adversaries—and I might add parenthetically, that custom is not departed from in our own chamber. A junior minister, Sir Grey Cooper, was assigned to note down anything of significance which was spoken while Lord North dozed.

Once, during a debate on shipbuilding, some tedious speaker began a historically detailed account in which, commencing with Noah's ark, he traced the progress of shipbuilding down through the ages. When the speaker came to building the Spanish Armada, Sir Grey inadvertently awoke the slumbering Prime Minister, who inquired at what era the honorable gentleman had reached. Sir Grey answered, "We are now in the reign of Queen Elizabeth," to which Lord North replied, "Dear me, Grey, why not let me sleep another century or two."

Gentlemen, there is a point to sharing that story. I think many of us, not just Members of Congress, but almost everyone associated with the shipbuilding industry at least slumbered, if we didn't outright snore, right through a pretty dramatic decline in our commercial ship construction repair business primarily due to the decline of the U.S. Merchant Marine.

We also catnapped through the decade of the 1970's as far as Navy ship construction and repair was concerned. Unfortunately, all that inattention to our shipbuilding industry has led us way too far down the path toward the big sleep as regards this vital industry.

A 1984 CBO study reported, "The domestic shipbuilding market has collapsed in recent years." The decline I referred to earlier has now reached the point where there is an almost total lack of orders to build ocean-going vessels, except for those of the Navy. Even then, the Congressional Office of Technology Assessment indicates that as recently as 18 months ago, there were only 26 shipyards in the active shipbuilding industrial base, with only 7 of those considered capable of building major combat vessels.

Mr. Chairman, I know that you and I are awake, wide awake. I know all members of this subcommittee, as well as our Navy witnesses today, are awake and very alert to the predicament we all face. The restoration of a healthy and vigorous shipbuilding industry is a very, very important national issue. It is an issue much broader and more complex than the business of Navy ship repair and modernization, which we are examining here this afternoon.

However, it is interesting to note that the subject of this hearing is much like the little boy's finger in the dike. Naval ship construction, overhaul, repair and modernization, the total package of Navy business, is basically the only thing that is keeping the U.S. shipbuilding industry alive. The $6 billion-plus slice of that total package, which ship repair and modernization represents, is extremely important for a very particular reason: Navy new ship construction is carried in a relatively few industry facilities, mostly larger ship-

yards. Ship repair and modernization work is done on a much larger number of facilities spread across a much greater geographic portion of our country. Navy business is largely responsible for maintaining an industry base at the present time.

Hopefully, when the larger issues involving a U.S. flag merchant marine, Government's role in shipping and shipbuilding, and international trade-related shipping matters resolved, the shipbuilding industry base, which has survived to Navy business, will then be available as a foundation upon which to build a new U.S. shipbuilding industry.

This new industry will be a total package industry, not just one capable of supporting repair and modernization programs, but one which allow the United States to once again assume a position of preeminence as a world leader in all areas of the shipbuilding industry including new ship construction.

Mr. Chairman, I know our witnesses recognize the challenges associated not only with the Navy's ship repair and modernization program, but also those associated with the shipbuilding industry in general. I look forward to their testimony and to the information and assistance that they can provide this subcommittee and to each of us as Members of Congress.

Thank you, Mr. Chairman. I yield back.

Mr. FOGLIETTA. I thank you, Mr. Whitehurst.

Admiral McArthur and Admiral Walsh, since it is unusual for me to have the privilege and honor of having this Chair—and I do have that—I will take advantage of that by asking your indulgence to allow me to ask a few questions prior to your official statements, if I may.

STATEMENTS OF REAR ADM. WILLIAM A. WALSH, U.S. NAVY, DIRECTOR, SURFACE WARFARE DIVISION, OFFICE OF THE CHIEF OF NAVAL OPERATIONS; AND REAR ADM. JOHN C. McARTHUR, U.S. NAVY, DEPUTY COMMANDER, INDUSTRIAL AND FACILITY MANAGEMENT DIRECTORATE, NAVAL SEA SYSTEMS COMMAND

Mr. FOGLIETTA. I would like to ask a few questions about the SLEP, or Service Life Extension Program. Admiral McArthur, what is your opinion of the SLEP program as it affects the Navy's ability to do a job, and could you also in that answer include your thoughts as to how it helps us save money.

SERVICE LIFE EXTENSION PROGRAM

Admiral MCARTHUR. My particular expertise is in the managing of the shipyards, so I will tend to focus my answers in there.

Clearly, the Service Life Extension Program of aircraft carriers is a very cost-effective program. It allows us to rebuild our carriers in a way that will allow them to operate for an extensive period of time much more economically than the same thing we could do by building new carriers. Very cost-effective.

The plan for implementation that we are tracking down now that has them pretty much heeled-and-toed at the Philadelphia Naval Shipyard is very cost-effective. It allows us to build up on the learning curve and get each one a little better than the one before.

Mr. FOGLIETTA. I thank you.

Now, second—I am sorry, Admiral Walsh, did you want to comment on that?

Admiral WALSH. I think Admiral McArthur covered it well. The main point, as far as the operational Navy is concerned, is that we keep as many carriers available as possible and the SLEP is doing a marvelous job of allowing us to maintain a better fighting force at sea.

Mr. FOGLIETTA. Is the Navy satisfied with the SLEP program so far as the *Forrestal* and the *Saratoga* are concerned?

Admiral WALSH. Yes, sir. As everyone knows, we had a few difficulties with the *Saratoga* boilers but she has since completed a deployment to the Mediterranean and performed superbly. The members of the ship's company believe they have a new ship. They are very proud of the *Saratoga*.

The *Forrestal* has completed her builder's trials and performed well. She is scheduled for completion—I believe it is the 20th of May—and will rejoin the fleet. The next SLEP carrier, the *Independence*, will start in April.

Mr. FOGLIETTA. After that, the next one that is scheduled is the *Kitty Hawk*. Now, there have been some questions brought to my attention as to the need for a SLEP on the *Kitty Hawk*. Would you both, Admiral Walsh and Admiral McArthur, give us your opinion as to whether or not a SLEP is necessary for the *Kitty Hawk* or would a lesser overhaul be sufficient for that aircraft carrier?

Admiral WALSH. In my view, sir, a SLEP is necessary for all of our carriers. The west coast aircraft carriers have an advantage, when compared to the east coast carriers, in that while deployed, they have access to ship repair facilities at Yokosuka, Japan, and at Subic Bay in the Philippines.

So, while deployed, they are able to get a few more things done while in port in those two areas. Unfortunately, there are no similar facilities in the Mediterranean for the Atlantic-based carriers. So, yes, in fact, the next couple of west coast ships coming up for SLEP are perhaps in a little better shape than some on the Atlantic coast. The fact remains the SLEP program is designed to provide an additional 15 years of life for aircraft carriers and you can't get that other than through a SLEP.

Admiral MCARTHUR. I think I would have a hard time adding much to that, but I certainly concur with Admiral Walsh's comment.

Mr. FOGLIETTA. The obvious bottom line conclusion, therefore, is that an overhaul would not be sufficient to put the *Kitty Hawk* in the kind of condition we want it to be for the next 15 years to service the Navy.

Admiral WALSH. You would have to have an extensive overhaul, plus additional work and follow-on SRA's and so forth after that to equate to what is in a SLEP package.

Mr. FOGLIETTA. To equate the SLEP, yes, but what we need on the *Kitty Hawk* is a SLEP.

Admiral WALSH. Yes, sir.

Mr. FOGLIETTA. I thank you. Thank you.

Mr. WHITEHURST. Would the gentleman yield?

I have got much the same problem he has, but he is too modest to ask you this: How do you regard the Philadelphia Naval Shipyard in its track record in doing these overhauls? Would you say it is superb, very good, or just good?

Admiral MCARTHUR. I think I can answer that pretty straightforwardly. I would say that it is performing superbly.

Mr. WHITEHURST. There you go! I want to tell you that you have made Mr. Foglietta's afternoon, Admiral. You have sent him home a happy man. [Laughter.]

Mr. FOGLIETTA. I certainly appreciate your very incisive and brilliant questioning. [Laughter.]

Mr. WHITEHURST. Admiral, I just want to ask you about cost—either of you gentlemen—about the cost-plus contracts. I understand the Navy's current policy is to maximize the use of fixed-price contracts in the ship overhaul and repair business.

Under what circumstances would you use a cost-plus type contract and are you currently planning to use any of these? Either Admiral Walsh or Admiral McArthur, if you would give me an answer.

COST-PLUS CONTRACTS

Admiral MCARTHUR. There is a place for both, I believe. Yes, we are moving more toward fixed-price contracts. From my view in implementation and mostly—you use a cost-type contract when you really can't nail down the work package adequately up front. If you have a lot of indefinite aspects to the package when you are getting started, then it is a definite advantage to go on a cost-type contract.

If you have the opportunity to identify clearly and cleanly the work package, then a fixed-price contract is probably the preferable route. We have believed for a long time that getting frozen into just one type of contract is too complex for that. We can talk in terms of moving mainly toward fixed price or mainly some other way, but we like to have a mixed bag of contracts and the work that we see coming down the line in the next year or two would lead us toward more fixed-price contracts.

Mr. WHITEHURST. That is fair enough.

Admiral McArthur, a memorandum over your signature recently received a lot of attention because it discussed reduction of the civilian work force at our Navy shipyards. I might add, although the Norfolk Naval Shipyard is not in Norfolk; it is right across in the next district, I have a lot of constituents who work there and share that concern with my colleague from the Fourth District, Mr. Sisisky.

Can you give us the background on that subject? Tell us what the current Navy planning is with regard to any changes in that work force. This is very important for us.

REDUCTION IN WORK FORCE

Admiral MCARTHUR. I will take that inverse, if I may. Current planning is to reduce from about where we are now, which is about 78,000 total employment, permanents and temporaries in all of the naval shipyards, down to 73,000 by the end of the calendar year.

Mr. WHITEHURST. 5,000? You are lowering?

Admiral MCARTHUR. About 5,000, yes, sir.

Mr. WHITEHURST. OK.

Admiral MCARTHUR. That, I would note, is right in line with the workload as expressed in the 1985 line of the 1986 budget. It shows about 72,900, something like that, essentially 73,000, so that is in line with the budget.

So that is the current plan. We are working out the details and in a matter of a few weeks, we will have the details at each yard worked out on the reductions and be able to promulgate them. I would comment there that the reductions will be made by a combination of reduction of some—letting some temporaries go. Out of the 78,000, we have probably 4,000, a little in excess of 4,000 temporaries now. Can't let them all go or the balance wouldn't be quite right, but a lot of those will go. There will be a certain amount of attrition; possibly some early-outs; possibly some furloughs, but there is bound to be in that number some RIF, some forced reduction somewhere. I just can't tell you the details yet, but we will shortly.

Mr. WHITEHURST. That is all right.

Admiral MCARTHUR. As far as the letter that I signed out that seemed to stimulate some interesting discussion; what we were trying to do was to get planning going. We had been talking the last couple of years about reducing. We knew that we had to reduce employment to balance the work force and the workload and, as you know, we have had a lot of actions going that are kind of complex to describe. This included many coordinated actions to try and improve the efficiency in the shipyards.

In our view the time was right to push visibly on the reduction and to capture the imagination and leadership within the community to capitalize on our ability to improve our performance while balancing our the workload.

Now, the numbers that were put in my memorandum were intended simply and solely to get the planning going. Of course, the numbers were large enough and got out into a lot of people's hands which caused a lot of questions and upset at the time. The phrasing of my memorandum was intended to be very pointed and to get across the idea of planning substantial cuts so that we would start up this focus plan with a broad look that we knew we would be adjusting downward. We wanted to get our arms around it and then bring it down.

I guess we were surprised at the upset that it did cause because we had thought it out pretty well and looked at it as internal planning.

Mr. WHITEHURST. Just one last companion question now. You are targeting these cutbacks—maybe it is a foolish question, but I would just like to have the answer for the record—what impact will that have on your overhaul projections? None?

Admiral MCARTHUR. On scheduled overhauls.

Mr. WHITEHURST. Yes, sir.

Admiral MCARTHUR. That kind of thing? There will be some. We are evaluating that right now, really trying to shave it down so we can be very explicit about that. There will be no dramatic slips. There will be some minor slips in adjustments here and there, but not——

Mr. WHITEHURST. We are not going to get back to where we were a few years ago when we had overhauls that just slipped and slipped and then we had this——

Admiral MCARTHUR. Absolutely not. Absolutely not. Our intention is to balance the workload. Now that we have schedules under control without losing quality, we are now trying to capitalize on getting the costs down while holding those two.

Mr. WHITEHURST. OK.

Admiral MCARTHUR. Minor adjustments are all we are looking for.

Mr. WHITEHURST. Thank you, Mr. Chairman, for your indulgence on this.

Mr. DANIEL [presiding]. Any other members have a question before we allow the gentlemen to tell us what they came to tell us?

Mr. RAY. I have some, but I can wait, Mr. Chairman.

Mr. DANIEL. Anyone else have a preliminary question?

Thank you, Mr. Whitehurst and Mr. Foglietta.

Gentlemen, since we have already gotten into the question and answer period—first of all, let me apologize for being late. My daddy used to say the only reason that anyone is ever late is because they don't leave on time, but he never lived in Washington. But I do apologize for being late, and since we have already commenced the questions, we will accept your statements in full for the record and why don't you just highlight whatever message you wanted to bring to us.

We would be glad to hear from you at this time.

Admiral WALSH. Yes, sir. Thank you, Mr. Chairman, and good afternoon.

My personal apologies to you for not having had the opportunity to come over and call on you earlier this week, but I happened to change a light bulb at the wrong time and the wrong place.

Mr. DANIEL. We hope to see you next week.

Admiral WALSH. Yes, sir.

STATEMENT OF ADM. WILLIAM A. WALSH—Continued

MAINTENANCE AND MODERIZATION

Admiral WALSH. I am Adm. William A. Walsh and I serve on the staff of the Chief of Naval Operations as Director of the Surface Warfare Division. I am charged with responsibility for policy regarding maintenance and modernization of U.S. Navy ships.

In previous years, Adm. Jim Nunnely, who served as Director of Ships Maintenance and Modernization, briefed you on both maintenance and modernization policy, as well as our execution of that policy.

In November of 1984, in an effort to reduce bureaucratic layering and increase efficiency, we realigned this particular function such that ship maintenance policy responsibilities remained an OPNAV function, while execution of that policy, for example, ship availability schedules, was transferred to the Naval Sea Systems Command.

Today, I am joined by Admiral John McArthur, of the Naval Sea Systems Command, who is the Deputy Commander for Industrial

and Facilities Management. Upon completion of my statement, Admiral McArthur and I will respond to your questions.

My prepared statement covers in detail many facets of our ship maintenance and modernization efforts. However, since the subject at hand is primarily oriented toward depot-level ship work for public and private shipyards, I will focus my oral statement in that area.

The number of ship overhauls for the active fleet shows a downward trend over the past years from a high of 90 in fiscal year 1977 to 55 in fiscal year 1985 to 35 for fiscal year 1986. Through strong congressional support, we have reduced the financial backlog of ship overhauls from 42 in 1977 to zero in 1985. In 1986, we are projecting one nuclear attack submarine overhaul as a backlog due to fiscal constraints and that is but a 6-week shift in the start of that overhaul for that submarine and will entail no operational restrictions placed on the submarine.

Last year, both the House Appropriations and Armed Services Committees provided the Navy guidance, encouraging us to set a goal of 60 percent funding in public and 40 percent funding in private shipyards for the repair, overhaul and modernization of Navy ships. Additionally, Navy was also encouraged to set a goal of 50 percent funding in private shipyards when work on nuclear-propelled ships is excluded.

For 1985, the Navy projects the private-sector percentage of work to be 35.8 percent. In 1986, we project the public/private split to continue and follow 1985.

Although the number of overhauls decreases, we project the number of selected restricted and phased maintenance availabilities to increase from 110 in fiscal year 1985 to 134 in fiscal year 1986. This reflects our shift in maintenance strategy to a shorter duration in the depot with increased operational availability while we sustain our ships materiel readiness.

In accordance with congressional guidance, we are competing an overhaul in the public sector with one in the private sector. For the competition to be meaningful, we believe it was essential to pick two ships of the same class on the same coast. The candidates were few in number. We have selected U.S.S. *Duluth* (LPD-6) and U.S.S. *Cleveland* (LPD-7) two west coast-homeported amphibious dock ships for this evaluation.

The modernization program for fiscal year 1986 shows a substantial increase over fiscal year 1985. Major reasons for this increase are the installation of special hull treatment on a nuclear attack submarine, warfighting improvements on a nuclear aircraft carrier, and the beginning of warfighting upgrades in the FFG 7 and DD 963 classes of ships.

Mr. Chairman, many initiatives we have taken to improve the materiel conditions of our ships are showing results and we thank the Congress for their support in this endeavor.

This concludes my statement, Mr. Chairman. Admiral McArthur and I will respond to your questions.

PREPARED STATEMENT OF REAR ADM. WILLIAM A. WALSH

Good morning, Mr. Chairman, I am Rear Admiral William A. Walsh. I serve on the staff of the Chief of Naval Operations as Director of the Surface Warfare Divi-

sion. I am charged with responsibility for ship maintenance policy, including the development of plans and programs for the accomplishment of repairs and modernization of U.S. Navy ships. This responsibility was formerly held by the Ships Maintenance and Modernization Division (OP-43). In November of 1984, changes made within the Office of the Chief of Naval Operations resulted in the disestablishment of the Ships Maintenance and Modernization Division and the establishment of a Ships Maintenance and Modernization Branch within my division. This reorganization transferred certain responsibilities with respect to the execution of the ship maintenance and modernization program of the former division to the Naval Material Command. This reorganization in no way diminishes the importance of modernization and maintenance of your Navy, but rather concentrates the execution of the program in the Naval Material Command and permits the CNO staff to better perform its policy and programming responsibilities.

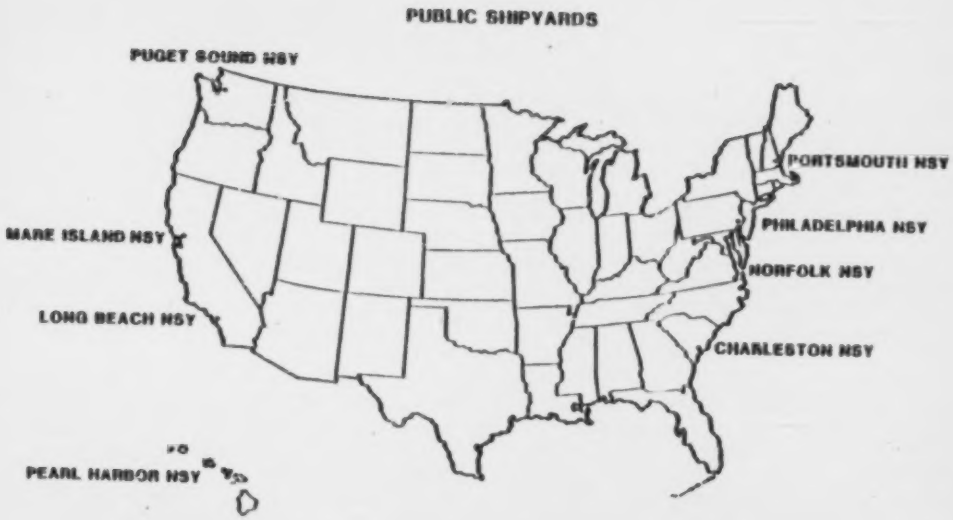
This statement will specifically address the Navy's "Ship Overhaul and Modernization Program", which increases the war-fighting capability of our ships and is a critical element of fleet readiness. To properly address this program, one needs to understand the ship maintenance strategy of the Navy. This strategy includes three levels of maintenance; organizational, intermediate and depot. I will discuss each in my presentation.

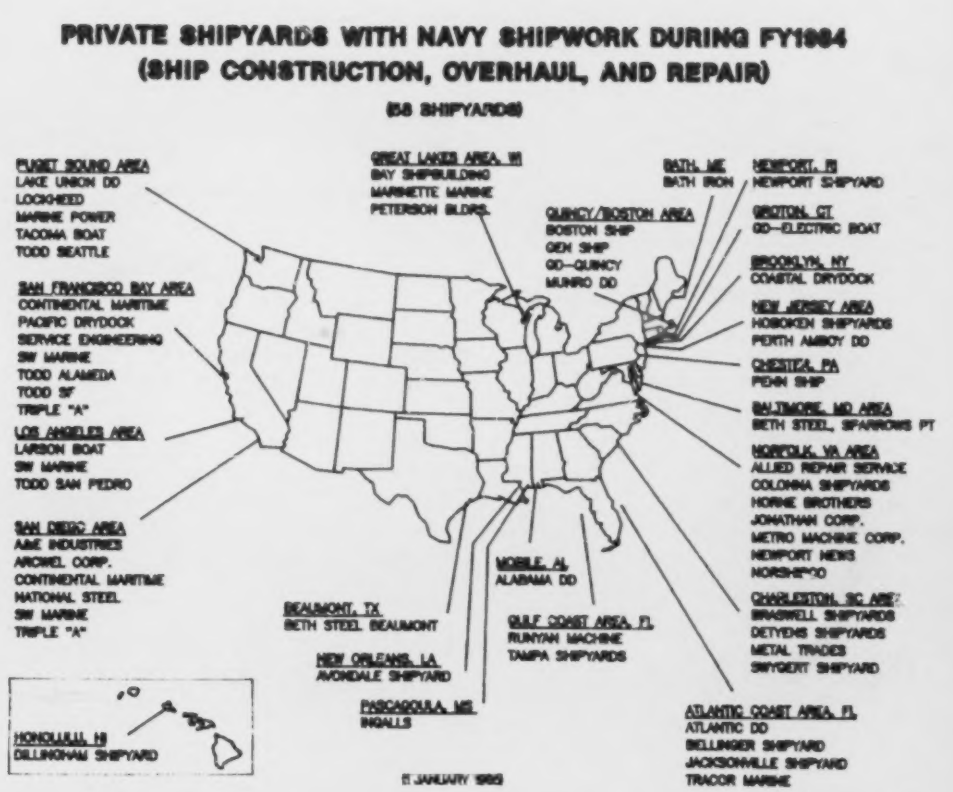
The Navy's Ship Maintenance and Modernization Program has two basic objectives: first, to maintain the fleet in an adequate material condition and thus provide the maximum number of ships available for operations at sea; and second, to improve (i.e., modernize) the warfighting capability of our existing ships so they can counter current and evolving threats posed by our potential enemies. We also modify our ships for reasons of safety, environment, reliability and maintainability.

The Navy's policy is to maintain our ships fully capable of meeting the expected threat and to keep them in a material condition sufficient to allow them to accomplish their missions. Further, our policy dictates that the required maintenance and modernization work be performed at the lowest effective level of maintenance throughout the ships' life cycle.

We use a balanced approach to maintenance and modernization. Each of the three levels of Navy maintenance makes a contribution. The lowest level is the organizational level consisting of the ship and the crew. Onboard a ship, unlike most other organizations, sailors not only must operate the equipment but also have responsibility for a significant amount of preventive and corrective maintenance. This enhances self-sustainability when ships are operating far from support facilities. The next level is the intermediate maintenance activities. These unique ships and shore activities manned by sailors with specilized skills (obtained from training and working on our combatants and other ships), preform work that is beyond the capability of ship's personnel. The intermediate maintenance activities may also absorb organizational level work which, for various reasons, might be beyond the capacity of the ship. I must stress the growing importance of the intermediate maintenance level and the increasing use of Selected Naval Reservists, not only as mobilization assets, (as so well demonstrated in U.S.S. New Jersey of the coast of Lebanon last year) but to accomplish our peactime workload. We will continue to see an increased requirement for Selected Reservists in the intermediate maintenance field as we expand to the 600 ship Navy and as more ships migrate to the Naval Reserve Force.

The depot maintenance and modernization program is our largest program, being the highest level at which the most extensive work is accomplished, including installation of major war-fighting ship alterations. Therefore, I will address the depot level programs in some detail and will also review those issues of significance delineated in the FY 1985 congressional committee reports.





Depot maintenance is accomplished at the locations shown in VG's 1, and 2. VG 1 displays the location of our eight Naval (public) shipyards. VG 2 outlines the geographic distribution of the principal commercial shipyards (slightly over 55) which also support the Navy's depot maintenance program.

Depot level maintenance can be grouped into two basic categories; planned maintenance and unplanned maintenance. Planned maintenance is scheduled well in advance, engineered by ship class, and takes into account various factors such as the

ship's operating schedules and organic maintenance capability. Unplanned maintenance is assigned when a ship requires repairs for an unforeseen breakdown.

Planned maintenance is subdivided into two categories; regular overhauls (ROH's) and shorter, intensive availabilities such as selected restricted availabilities (SRA's) and phased maintenance availabilities (PMA's). A regular overhaul, as the words imply, is a lengthy period assigned to accomplish major repairs and alterations to a ship's systems and equipments at a Naval or private shipyard. Regular overhauls are scheduled for planned durations at specific intervals during a ship's lifetime. SRA's are short, work intensive industrial availabilities, scheduled at specific intervals within the ship's operating cycle between overhauls. This type of availability permits longer periods between overhauls and affords increased ship organizational availability to the fleet. PMA's are smiliar to SRA's and are for specific ships operating under the phased maintenance program which does not require regular overhauls.

Unplanned maintenance consists of restricted availabilities (RAV's) and technical availabilities (TAV's). Restricted availabilities are assigned for specific repairs which require the ship to be present in the repair activity. Hence, the ship is rendered incapable of fully performing its assigned mission. Technical availabilities are assigned for specific repairs when the presence of the ship is not necessarily required. In this case, a piece of equipment may be removed from the ship for repair in the shipyard. However, the ship is capable of continuing to perform its assigned mission.

FY 1986 CONGRESSIONAL BUDGET

CONTROL TOTALS

(DOLLARS IN MILLIONS)

	FY 1984	FY 1985	FY 1986
SCHEDULED OVERHAULS	$2,360.9	$2,775.6	$2,273.2
NUMBER OF OVERHAULS	53	55	35
RESTRICTED AVAILABILITIES	1,011.8	1,247.1	1,333.7
NUMBER OF SELECTED RESTRICTED AVAILABILITIES	88	96	104
NUMBER OF PHASED MAINTENANCE AVAILABILITIES	10	14	30
SHIP ALTERATION	1,088.3	1,409.1	1,544.9
INTERMEDIATE MAINTENANCE	312.6	360.4	388.7
TECHNICAL SUPPORT	115.2	118.8	138.3
FLEET OUTFITTING	293.7	335.7	352.8
INACTIVATIONS	44.7	–	–
BERTHING/MESSING	53.5	43.0	44.7
TOTAL	$5,280.7	$6,289.7	$6,076.3

This vugraph provides an overview of the cost of the Navy's Ship Maintenance and Modernization Program. The data represents the fiscal year 1986 congressional budget submit control totals. The fiscal year 1986 program shows 35 active Navy overhauls, including one nuclear aircraft carrier, three fleet ballistic submarines, eleven nuclear attack submarines, nine surface combatants, six amphibious, four auxiliaries and one mine countermeasure ship.

Although there have been increases from one particular year to another, the number of overhauls has shown a downward trend over the past years, from a high of 90 in fiscal year 1977 to 53 in fiscal year 1984 to 35 in fiscal year 1986. The dollar value and associated man-day requirements, however, are more a function of the ship mix than the absolute number of overhauls. For example, in fiscal year 1985, 14 nuclear submarines and 1 nuclear cruiser comprised 26 percent of the overhauls programmed, while in fiscal year 1986, 14 nuclear submarines, 1 nuclear cruiser and 1 nuclear aircraft carrier comprise 39 percent of the overhauls programmed. By the same token, additional ships are being approved for placement within the engineered operating and phased maintenance cycles. The net result is a reduction in

the number of overhauls, and an increase in the number of SRA's and PMA's; up from 98 in fiscal year 1984 to 134 in fiscal year 1986.

The Chief of Naval Operations has established notional planning factors for overhaul durations and intervals for each class of ship in the Navy. These planning factors are key elements in building long-range schedules for overhauls, selected restricted availabilities, and phased maintenance availabilities that dovetail with fleet operating schedules and project the workload for the industrial activities. These factors are based upon technical information, engineering analysis, operating experience and warfighting improvement requirements for each class. Planning factors are regularly analyzed from operational material and design standpoints to determine when changes are required.

The overall depot maintenance schedule is formulated collectively thru inputs from CNO's Staff, Commander, Naval Sea Systems Command, shipyard commanders, supervisors of shipbuilding, conversion and repair, and fleet and type commanders. Through this process we determine the distribution of workload to both public and private yards. In compliance with your direction last year, we have discontinued our policy of reserving one-third of the private sector overhauls for homeport area solicitations, provided adequate competition exists. We now reserve up to two ships for each homeport area solicitation with the remainder bid on a coastwide basis. This revised allocation remains consistent with historical experience and fosters the three essential ingredients required to insure a balanced program: Morale and well being of the crew, maintenance of an adequate geographically distributed industrial base, and adequate competition. Depot workload includes selected restricted availabilities (SRA) and phased maintenance availabilities (PMA) as well as overhauls. As I indicated earlier, the number of SRA's and PMA's are increasing as more ships are placed in these programs. SRA's and PMA's are normally accomplished in homeport, with the great majority assigned to private yards. This work will be dispersed over a greater portion of the commercial sector as the Navy's strategic homeporting plans are implemented.

The Navy has historically assigned its more complex warships to Naval shipyards, where specialized facilities and skills are maintained. The proportion of complex warships in the fleet has been increasing since the mid-seventies, and it is clear that ships of greater complexity will be overhauled in private shipyards. We recognize that positive action is required for shipyards to develop the necessary experience, skills, and facilities to perform complex ship overhauls on a routine basis. In order to accommodate additional complex warships in the private sector and address weapons and electronic work accomplishment, the Navy initiated procedures to certify those private shipyards holding master ship repair licenses and to qualify firms to act as master ordnance repair contract holders. The master ordnance repair program was actually implemented in October 1983 with 12 companies qualified as of 1 March 1985. Shipyards without an organic combat systems capability will be encouraged to team with master ordance qualified contractors.

We have continued to convene an annual private overhaul planning conference to develop a comprehensive plan for future private overhauls. The object of the conference is to assist the private sector in its long-term planning. As a result of the conference, a planning matrix (i.e., the private sector depot level planning report) is developed. This matrix identifies for the current and following year workload, type of contract, solicitation area, and anticipated contract award date. This matrix has proved most beneficial to the private sector by imparting information for planning purposes.

The private sector has suffered from a steady decline in commercial ship construction and repair, primarily due to the decline of the U.S. merchant marine. This situation is of serious concern to us, because Navy work is insufficient to support adequate shipyard industrial base capabilities required to meet mobilization requirements.

As the health of this important industry declines, it has looked more and more to the Federal Government and in particular to the Navy to offset the reduction in commercial work, both in new ship construction/conversion and ship repair. This can result in increased costs as well as competiton. There are currently 103 naval ships under construction, conversion or reactivation at 21 different yards throughout the country. The Navy shipbuilding and repair programs now account for more than 80 percent of all employment in that industry in the United States.

Last year, both the house Appropriations and Armed Services Committees included in their reports additional guidance encouraging the Navy to set a goal of 60 percent funding in public and 40 percent funding in private shipyards for the repair and overhaul of Navy ships. Additionally, the Navy was encouraged to set a goal of

50 percent funding in private shipyards when work on nuclear propelled ships is excluded.

In FY 1985, the private sector percentage is projected at 35.8. If work on nuclear propelled ships is excluded, the percentage is projected to be 52.3. In FY 1986, the private sector is projected to receive 34.1 percent. Again, if work on nuclear propelled ships is excluded, the percentage increases to 58.2. In FY 1986, the private sector dollars have increased 22.5% since FY 1984, whereas public sector dollars have increased 13.1%.

I will briefly address the maintenance carryover or backlog which, with your help, has been essentially eliminated over the past ten years. A ship is designated as an overhaul backlog when its overhaul is delayed from the fiscal year dictated by the established cycle. Although we had a backlog of 68 ships in FY 1976, we reduced that to zero in FY 1985. However, in FY 86 we are projecting one nuclear attack submarine overhaul as a backlog due to fiscal constraints.

The improvements realized over the past few years have been incorporated in the development of the FY 1986 budget request. I assure you that the FY 1986 program is executable and that any reduction would adversely affect our readiness posture and industrial base.

The Fleet Modernization Program, or FMP, is the Navy's program to improve warfighting and mission capabilities of existing ships to counter both current and projected potential enemy threats. The modernization program also installs alterations related to safety, habitability, reliability and maintainability plus pollution abatement.

The FMP has been highly successful in meeting its objectives of upgrading the fleet's military capabilities and overall readiness. A measure of this success is the fact that approximately 2,500 alterations are now being installed annually.

In the past, modernization efforts have been concentrated on ships at mid-life when they had the greatest need for technological upgrade. Today, however, substantial fleet modernization program resources go to newer ships which are receiving major combat systems after delivery. These extensive warfighting improvement programs are required to meet today's threat and are essentially a completion of the ship building process. For example, when the DD 963 and FFG 7 class ships were first built in the mid to late 1970's, Congress and the Navy recognized that these two combatant classes would require early upgrading of their warfighting capabilities. That time and those capabilities are now here. For example, the early frigate FFG 7 class ships will receive LAMPS MK III, close-in weapons system (CIWS) and fin stabilizers. DD 963 Spruance ships will receive LAMPS III, outboard, anti-missile defense, Tomahawk, vertical launch system, CIWS, and target acquisition systems. The larger alteration packages on relatively new ships account for a significant portion of fiscal year 1986 FMP.

I have no reservations concerning the executability of the FY 1986 war-fighting improvement program. The rate of accomplishing planned alterations has experienced a significant increase in recent years. For instance, the number of alteration deferrals associated with design and material deficiencies has been reduced from 230 in FY 81 to 30 in FY 84. This has been accomplished through specific initiatives to improve the technical quality of SHIPALTs and the identification and tracking of required materials. Some of these are:

Alteration verification conferences to review status of ship alteration (SHIPALT) packages 13–15 months prior to their scheduled accomplishment. These conferences include representatives from the type commanders, NAVSEA and OPNAV and allow us to identify potential SHIPALT problems and take early corrective action.

Improvement of the technical quality of SHIPALTs by assigning specific technical requirements and responsibilities to planning yards and NAVEA engineering directorates. This action streamlines modernization procedures and adds discipline to the alteration development process.

Emphasis on more detailed and accurate material identification plus improved material tracking.

Policies and procedures that adequately define integrated logistics support responsibilities and provide timely delivery of support requirements.

In summary, these initiatives have added greatly to the flexibility and effectiveness of the Fleet Modernization Program. We are accomplishing our objective of responding rapidly to changing requirements, and at the same time we are better able to upgrade our ships to meet the increasing threat of our potential adversaries. Our ability to continue recent improvements and successfully and efficiently execute this demanding program is dependent in large measure on the availability of resources for advance planning and design efforts.

In summary, the program I have described to you this morning is a major factor in our continuing efforts to improve fleet readiness. We have achieved a disciplined Ship Maintenance and Modernization Program. The many initiatives which have been taken to improve the material condition of the fleet are showing results. The support provided by the Congress in assisting the Navy attain its present readiness posture, a signal improvement over that of the 1970's, must be continued. With your understanding and backing, our ships will be ready to meet any threat and stand successfully in harms way should such be required by national priorities.

Mr. Chairman, this concludes my prepared statement. I will respond to your questions at this time.

Mr. DANIEL. Thank you, sir.

How is the 60/40 ratio working out insofar as you are concerned, your personal opinion of it?

Admiral WALSH. Over the last three or four years, we have maintained a rather steady balance at about 65/35. Last year, we had about—I think it was 35.2; this year, it is 34.1, and as the report submitted to the Congress in the last year—two separate reports on the subject of the 70/30, 60/40, 50/50 split indicate that going to 60/40 totally would have a significant impact on Philadelphia Naval Shipyard and Long Beach Naval Shipyard. So we are getting as close as we can to the 60/40 without hazarding either of those shipyards. The 65/35 seems to be working out rather well and we intend to maintain about that percentage.

Mr. DANIEL. What are the Navy plans for the shipbuilding or ship repair for the west coast, if you have any? I don't have any in my district. I have a lake down there, about 600 acres, unless you can put something down there to work on. Is there a plan, has there been a plan developed yet?

Admiral WALSH. There is no plan as such that I am aware of, Mr. Chairman. The ships are homeported on the west coast; they need to be repaired on the west coast, and they are being repaired on the west coast. Competition, of course, is the driver for award of contracts and those who are qualified to do the work and come in with the lowest price are being awarded the contract.

Mr. DANIEL. Mr. Ray.

Mr. RAY. I don't have any questions, Mr. Chairman.

Mr. DANIEL. Mr. Hutto.

Mr. HUTTO. Thank you, Mr. Chairman.

If it is all right to ask a parochial question——

Mr. DANIEL. By all means. That is why I asked about Smith Mountain Lake.

Mr. HUTTO. I was going to suggest a catfish trawler for that lake down there.

Admiral Walsh and Admiral McArthur, as you probably know, I have a special interest in the U.S.S. *Lexington*. The "Lady Lex" is getting kind of old and right now, it is in overhaul in Philadelphia. First of all, do you know when that overhaul will be completed?

Admiral WALSH. Actually, she is not really in overhaul, sir; she is in an extended rework period.

Mr. HUTTO. Whatever it is.

Admiral WALSH. Yes, sir.

Admiral MCARTHUR. It is going to complete about on time.

Mr. HUTTO. Which would be about May or June or somewhere along that line.

Admiral MCARTHUR. We can find that here.

Mr. HUTTO. You can——

Admiral WALSH. We will provide it for the record if we don't get it here shortly.

Admiral MCARTHUR. Yes, sir.

Mr. HUTTO. We can call you and find out.

My question is regarding a directive from the Senate on the training carrier. As I recall, Senator Stevens and his subcommittee asked the Navy to consider a number of alternatives with regard to carrier training. One of them was to extend the *Lex*, which already is extended through 1989, I believe, to extend it further. A second option was to build a complete new training carrier. Third, to use one of the operational carriers; and last, to bring on the *Coral Sea*, which has been talked about for a long, long time.

I am not sure of the exact reporting date on that, but it seems to me it is about due. I was just wondering if you can tell me anything about that.

Admiral WALSH. I know the report is due and soon, but I am not aware that it has been completed. It will be completed on time and submitted to the Congress on time.

Mr. HUTTO. OK. Can you give us any indication of the recommendation?

Admiral WALSH. No, sir; I can't at this time.

Mr. HUTTO. OK. Thank you.

Mr. DANIEL. Mr. Spence.

Mr. SPENCE. Mr. Chairman, yes, thank you.

Admiral, in your statement, you discussed something that has been before another committee of mine for a good while, the work split between public and private shipyards regarding repair and overhaul of Navy ships. Can you tell us what you think of this formula, both including and excluding nuclear-propelled ships?

WORK SPLIT BETWEEN PUBLIC AND PRIVATE SHIPYARDS

Admiral WALSH. Yes, sir. The naval shipyards, the public shipyards are, of course, of great strategic value to this Nation, as are the private yards. Our attempt is to balance as best as we can to keep both the public and private yards viable concerns, ready to serve our Nation in time of need.

Unfortunately, with the serious problems in the commercial area, merchant marine industry, the Navy simply cannot, does not have the ability to support the total needs of this industry. We are doing our best as efficiently as we possibly can in husbanding the taxpayers' dollars and maintaining the capabilities in both area, public and private. The 65/35 split we have now seems to be working out rather well for both areas.

If nuclear-type work is excluded, the percentage to private goes from 35.8 to 52.3 in 1985. In 1986, we project the private sector to have 34.1 percent, about the same as 1985. However, with nuclear repair work excluded, the percentage increases to 58.2 percent. It appears on the one hand we are not making all that much progress on achieving 60/40, but holding well with 65/35. On the other hand, we are making excellent progress on a 50/50 goal with nuclear work excluded.

These two issues can be explained by looking at the dollar value associated with the ship mix in fiscal year 1985 compared with 1986. Fiscal year 1985 work on 15 nuclear ships comprised 26 percent of our program. In 1986, 39 percent of the program will go to 16 nuclear ships.

I would add also that 60.3 percent of selected restricted and phased maintenance availabilities which increase from 110 in fiscal year 1985 to 134 in fiscal year 1986 will go to private ship repair facilities.

Mr. SPENCE. I think you made the point a while ago and I think you indicated, also, that about 80 percent of all the employment in the shipbuilding industry is taken up with Navy shipbuilding and repair.

What do you think about that future? Is that going to remain about the same?

Admiral WALSH. Yes, sir. The last figure I have is about 82.4 percent and we project it to remain about the same.

Mr. SPENCE. So we are really responsible for keeping open about all the yards we have for new shipbuilding industry, I guess.

Admiral WALSH. The Navy certainly has the most significant impact by far.

Mr. SPENCE. That is all I have, Mr. Chairman.

Mr. DANIEL. Thank you, Mr. Spence.

According to recent audits, the shipyards have accumulated large amounts of unused direct materials from prior overhauls. Why are such large amounts of unused direct material left over from prior overhauls and what action is being taken to reduce the amount of unused materials and to improve material planning for future overhauls?

USE OF UNUSED MATERIALS

Admiral MCARTHUR. There is a lot going on in that area. There have been comments over the years addressed at so-called excess materials in the naval shipyards left over from an overhaul. Part of the problem is in terminology; part of it is in management of the materials. Much of the material that is labeled as excess material turns out to be excess through a particular overhaul, but certainly not excess to the next overhaul in line. We have had some difficulty in dealing with this and communicating on it.

Part of what we are doing right now is to reshape our management of the industrial material within the naval shipyard community aimed specifically at getting the material, capitalizing and optimizing and getting the material to the mechanic at the same time necessary to do the job as the most cost-effective use of the material; working the problem backward from that to set our levels of materials that we need to have ready to do that.

We expect, within the next 2 to 3 years, to have that—we might be increasing the levels of some material, but the leftover material will be substantially reduced from what you see today.

Mr. DANIEL. We have so many areas in which this same answer is provided, it seems to me that we might pop this in some time on developing bookkeeping systems. We have this in so many areas, where you are comparing apples and oranges in a lot of activities

that have to do with the Federal Government, not only in defense, but in lots of others.

I have one more question. How has increased funding level for acquisition of planned equipment affected shipyard activity and how has that been reflected in the fiscal year 1986 request?

Admiral MCARTHUR. The funding of the Asset Capitalization Program has had a positive effect on the shipyard productivity. I have a hard time measuring that at this point. The levels of funding have increased. Starting from 1984 up through 1987, we will get to about 5 percent funding. In 1986, I believe we will be at about $178 million going into the Asset Capitalization Program. About a fourth to a third of that will be going into productivity-enhancing procurements and about the same amount will be going into replacing old, worn-out equipment.

We view it——

Mr. DANIEL. Admiral, I wish you would task someone to follow that question and give us, in a somewhat reasonable time, a comprehensive answer.

Admiral MCARTHUR. Yes, sir; I would be delighted to, Mr. Chairman.

Mr. DANIEL. Mr. Hutto, do you have any additional questions?

Mr. HUTTO. No, no further questions.

Mr. DANIEL. Mr. Ray, do you have any additional questions?

Mr. RAY. No, Mr. Chairman.

Mr. DANIEL. Mr. Spence?

Mr. SPENCE. No, Mr. Chairman.

Mr. DANIEL. Does the staff have some questions?

Yes, Dr. West.

Dr. WEST. I just have one. I guess it is sort of another thing that you can more or less provide for the record, but in recent years—I guess starting in 1982—we heard an awful lot about internal management actions that were underway. It was the depot operation improvement plan, the DOIP, and then we had the submarine overhaul improvement plan, the SOIP, and then we heard a lot about shipyard operation review teams and we have been told a lot about they came about and what they are supposed to do, but we haven't heard very much more about what they have accomplished in terms of cost savings or improved management. In fact, the statement that has been provided today really doesn't speak to them at all.

I guess the first part of the question is: Has the Navy just forgotten about these efforts, and if not, which is, I hope, the answer, what improvements have they generated and what are the savings associated with these improvements?

If you could give me just a brief answer and then perhaps give us sort of an audit trail for the record on the specific things that are being done.

Admiral WALSH. We will be delighted to provide you with a more detailed response, but I can certainly assure you that DOIP and so forth is going strong today. I am a member of that committee and we are working very hard at continuing to provide reduced costs, greater efficiency throughout our yards in both public and private sector. We will be happy to send you a more detailed report on the record.

[The following information was received for the record:]

MANAGEMENT STUDIES

The improvement initiatives are included as part of 27 actions being actively pursued under the Depot Operations Improvement Program. The program provides a formal structure for regular top management review and adjustment. The scope of the program is broad and the actions so interrelated that quantitative dollar savings are not normally used to evaluate performance. Performance is measured rather by the improvement trends in adherence to schedule and cost estimates.

Recent completed performance data shows improvement in both areas as follows:

	Fiscal year—			
	1981		1983	
	Number	Percent	Number	Percent
At or under budget	26	39	40	68
Over budget	41	61	19	32
On time or early	26	39	41	70
Late	41	61	18	30

FY 84 performance data to date indicates that the trend will continue.

John, would you like to add anything to that?

Admiral MCARTHUR. Yes, I would, because over the last 4 years, I have been working in and with and around the naval shipyards, private yards for a good 20 years, and in the last 4 years, in my view, we have made more improvement in the shipyard overhaul and repair business than any comparable stretch in the past. If I can use a crude expression, I think we are on a roll.

The overhaul improvement program, the submarine overhaul improvement program and these various programs that tend to kind of get lost in the catch phrases, I can assure you, are very real and have been driven into the real-life blood, into changing attitudes within the shipyard community.

I would be delighted to follow up and give you an extensive and detailed report on how we are doing because we are making substantial progress.

Dr. WEST. One of the real improvements that I—at least, incipient improvements—was when I was out visiting the shipyards, was the emphasis on quality and trying to cut back on things like rework and so forth. It was very obvious a lot of attention had been going into this, but we really haven't seen the tangible results yet and would like to hear more about it.

Mr. HUTTO. Mr. Chairman, I do have one question I would like to ask.

Mr. DANIEL. Yes, Mr. Hutto, of course.

Mr. HUTTO. When the *New Jersey* and the *Iowa* were reactivated, it was done rather expeditiously and apparently very efficiently. It didn't take too long a time.

My question is the two other battleships that we have authorized to be reactivated, the *Missouri* and the *Wisconsin*, do you anticipate any problems in reactivating them on a similar schedule?

Admiral WALSH. No, sir, no problems at all. *Missouri* is on time, on schedule and within cost and we have already made our initial survey of the Wisconsin. That effort is in progress. They are working toward—with the agreement of Congress to provide the money

to reactivate the *Wisconsin* bringing her in on time and within cost also. We foresee no problems in doing that.

Mr. HUTTO. OK. Is there any different configuration plan for either of these two?

Admiral WALSH. No, sir.

Mr. HUTTO. OK. In addition to the main battery of 16-inch guns, what else are we putting on them?

Admiral WALSH. They will have the Tomahawk and the Harpoon and the close-in weapon systems.

Mr. HUTTO. OK. All of these will be——

Admiral WALSH. Yes, sir.

Mr. HUTTO. OK.

Thank you.

Admiral WALSH. What the *New Jersey* has, the rest will have.

Mr. DANIEL. Mr. Eastman, do you have any questions?

Mr. EASTMAN. Mr. Chairman, I have just one I would like to ask and then some additional that I will submit for the record.

Admiral, in your statement, there was in the appendix portion a viewgraph that indicated the budget for overhauls, planned maintenance and repairs and alterations and so forth. Those areas totaled a little over $6 billion.

Also, earlier in your statement, you discussed unplanned maintenance. Can you give us an idea of how much is planned in unplanned maintenance, if you followed that? How many dollars are you allowing for unplanned maintenance?

Admiral WALSH. I can't be that definitive right here, but it is somewhere between 25 percent and a third of the figures you see under "Restricted Availabilities," for voyage repairs, emergency repairs, but let me get you a more refined response to that.

Mr. EASTMAN. Fine, thank you.

[The following information was received for the record:]

UNPLANNED MAINTENANCE

Unplanned maintenance funding was included in the total restricted availability line.

[In millions of dollars]

	Fiscal year—		
	1984	1985	1986
Restricted availabilities	1,011.8	1,247.1	1,333.7
Included amount for unplanned maintenance	(301.3)	(294.2)	(294.5)

Mr. EASTMAN. The rest of the questions, I will submit for the record, Mr. Chairman.

Mr. DANIEL. There will be several of those, Admiral, that we want to present for the record.

[The following questions were submitted to the witness to be answered for the record:]

UNPLANNED MAINTENANCE

Question: Admiral, in your statement you showed a vugraph which indicated the budget for overhauls, planned maintenance, repairs, and alterations. The total for those areas is a little over 6 billion dollars. Where in your budget do you allow for unplanned maintenance and how much is in that category for FY-1986?

Answer: Unplanned maintenance funding was included in the total restricted availability line (dollars in millions).

	FY 1984	FY 1985	FY 1986
Restricted Avail	$1,011.8	$1,247.1	$1,333.7
Included amt for unplanned main.	($301.3)	($294.2)	($294.5)

OPERATIONAL TEMPO

Question: Admiral, it is my understanding that the Secretary of the Navy and the CNO are considering some OPTEMPO changes which will result in a decrease in average steaming days. Can you comment on this and do you know how much O&M funding these changes may save?

Admiral Walsh: OPTEMPO is reviewed in the light of national commitments and of course could be reduced if these commitments are reduced. I do not anticipate any such reductions in the near future, however, an OPTEMPO in FY 1986 is budgeted the same as FY 1985 -- 50.5 days per quarter for the deployed fleets and 29.0 days per quarter for the non-deployed fleets.

NAVAL SHIPYARD CAPABILITIES

Question: Admiral, in your statement you indicated that there are eight Naval Shipyards. Do all eight of these yards have the same capabilities, and if not, how are they different?

Answer: The eight Naval Shipyards do not have the same capabilities. Mare Island Naval Shipyard and Portsmouth Naval Shipyard are used exclusively for the repair of submarines. Pearl Harbor Naval Shipyard, Puget Sound Naval Shipyard, Norfolk Naval Shipyard, and Charleston Naval Shipyard are also nuclear capable yards that accomplish both surface ship as well as submarine availabilities. Philadelphia Naval Shipyard as well as Long Beach Naval Shipyard are not nuclear capable and only repair surface ships.

MASTER ORDNANCE REPAIR PROGRAM

Question: Admiral, in your statement you discuss the need for private firms to become qualified to do overhauls of complex warships presently overhauled in Navy shipyards. In this regard I understand the Master Ordnance Repair Program was implemented in October 1983. You indicated in your statement that 12 companies were qualified as of 1 March 1985. Is that about what you would expect? It seems slow to me as a layman.

Answer: Twelve companies is correct. Approximately 40 companies have inquired concerning qualification requirements. We expect that some of those companies will be certified in the near future.

ASSET CAPITALIZATION PROGRAM

Question: Admiral, the Asset Capitalization Program was established in FY 1983 to replace and modernize old capital equipment and bring industrial funded activities, such as shipyards, up to present state-of-the-art conditions. How is that program working? Are you investing the level of funding the Congress directed?

Answer: FY 1985 is the first year the Asset Capitalization Program is fully funded. With the projected funding levels the program should permit replacement and modernization of old capital equipment. For example, we plan to replace approximately three times as many pieces of equipment from FY 1985 to FY 1987 as we replaced in FY 1983 and 1984. We are investing the level of funding directed by Congress.

PHILADELPHIA NAVAL SHIPYARD CLOSURE

Question: Admiral, you are undoubtedly familiar with the list of military installations discussed in a Senate Armed Services Committee Press Release earlier this month in connection with base closure action. That list included the Philadelphia Naval Shipyard. It is my understanding that OPNAV Instruction 3050.22 dated 27 December 1983 indicates that the Philadelphia Shipyard is required in order to meet "strategic and operational requirements." Can you comment on that situation?

Answer: Our current policy is to maintain two shipyards on each coast capable of repairing aircraft carriers. Philadelphia and Norfolk Naval Shipyards satisfy that requirement on the East Coast and no changes to that policy have been promulgated.

5% PAY REDUCTION ELIMINATION

Question: Admiral, as I'm sure you know this year's budget request includes a 5% reduction in civilian pay. If the Congress does not go along with that proposal and the Navy must absorb its proportionate share of the pay restoration, what would that figure be? And could that figure be offset by a reduction in the industrial fund civilian work force without a dramatic maintenance backlog developing?

Answer: Including the impact of the five percent pay cut assumed in the development of stabilized industrial fund rates, such a budget change would increase requirements in the four O&M accounts by $369.1 million. If the change is made and if the difference is made up out of the present funding requested for defense, there will have to be some difficult choices regarding program reductions.

INTERMEDIATE MAINTENANCE ACTIVITY

Question: Admiral, in your statement you indicate that Intermediate Maintenance Activities are absorbing some Organizational level maintenance. What do you mean when you say that maintenance previously performed aboard ship is now moving to the IMA's?

Admiral Walsh: Organizational level maintenance is normally performed by ship's force. Some of the Organizational level maintenance is now being performed by the IMA's. To support

minimum (reduced) manned ships such as FFG 7 and DD 963 classes and in support of Naval Reserve Force Ships with their smaller active duty crews, we have shifted some of the burden of performing maintenance from ship's force to the IMA. That Organizational maintenance is being accomplished on board ship but by IMA personnel supplementing ship's force.

AIRCRAFT CARRIER SLEP VS COMPLEX OVERHAUL

Question: Admiral, what is the difference, if any, between a Service Life Extension Program (SLEP) action and a Complex Overhaul as these terms apply to aircraft carriers? Also, where can either of these actions be performed?

Answer: Both SLEP and complex overhauls are extensive depot maintenance periods. All regular overhauls of CV, LHA, AGP, and nuclear powered surface ships are considered to be complex overhauls. These complex overhauls are between eight and fifteen months in length and are funded from the OM&N account. Service Life Extension Programs (SLEP) are complex depot availabilities that are designed to extend the useful service life of a ship. SLEP's are funded from the SCN account. Both SLEP's and complex overhauls can be accomplished in either the private or public sector capable of repairing those ship classes.

CONGRESSIONAL OVERHAUL GUIDANCE

Question: Admiral, in your statement you indicated that the Navy has changed its policy regarding percent of overhauls reserved for homeports to comply with Congressional guidance provided last year. Please tell us what kind of effects that change has resulted in, if any?

Answer: In fiscal year 1985, the Congressional guidance regarding the number of overhauls reserved for homeport solicitation had a net change of one ship.

ASSET CAPITALIZATION PLAN

Question: How has increased funding level for acquisition of plant equipment affected shipyard productivity and how has that been reflected in the fiscal year 1986 request?

Answer: The funding level for acquisition of plant equipment was not increased until FY 1985. Since the FY 1985 equipment is under procurement it will not affect productivity before FY 1987 or 1988. Therefore, the FY 1986 reflects no changes in productivity from acquisition of plant equipment. Further, productivity changes from individual items are almost impossible to relate to the overall cost of shipyard business.

MASTER ORDNANCE REPAIR PROGRAM (MORP)

Question: On page 8 of your prepared statement, you mention the Master Ordnance Repair (MOR) Program. As I understand it, the purpose of this program is to certify private contractors to repair combat systems in accordance with Navy criteria. Since its inception, there has been some concern by various private contractors that certification procedures were not realistic or fair. How has the Navy responded to these concerns, how many firms do you believe will be qualified to repair Navy combat systems?

Answer: The Navy is concerned about the qualification process and is working closely with the Shipbuilding Council of America to resolve the issues. The Master Ordnance Repair Program objective is to "Manage Combat Systems work and to supervise Combat Systems work and to supervise Combat Systems testing" and, therefore, does not qualify companies to repair Combat Systems equipment per se. To date, approximately 40 companies have expressed interest in the MOR program of which 12 have been certified. We expect approximately 16 companies to become MOR qualified with each MOR company forming many corporate MOR teams to meet the workload demands.

COMMERCIAL SHIPBUILDING INDUSTRY

Question: On page 8 of your prepared statement, you indicate concern over the continuing decline of the commercial shipbuilding industry and its inability to meet mobilization requirements. Given the magnitude of the problem and the current fiscal climate, what can be done to revive the U.S. Merchant Marine that is affordable?

Admiral Walsh: The continuing decline of the U.S. Merchant Marine is a fact known to all of us associated with shipbuilding and ship repair. The role of the government and the form of any legislation required to revitalize this critical area is outside my area of expertise.

HOMEPORTING OF SELECTED RESTRICTED AVAILABILITIES

Question: On page 7 of your prepared statement, you stated that the Navy intends to continue its current policy of accomplishing Selected Restricted Availabilities (SRA's) in home port. You go on to state that SRA's will be more widely distributed in the commercial sector as the Navy's strategic homeporting plans are implemented. How much additional commercial work is going to be generated by the establishment of new homeports?

Admiral Walsh: The establishment of new homeports does not increase the total naval workload assigned to the private sector. The private sector portion of the presently scheduled and planned workload would be redistributed. As the Navy's strategic homeporting plans are implemented this redistribution would disperse the private sector work over a greater portion of the industrial base if the current policy regarding Selected Restricted Availabilities (SRA's) and Phased Maintenance Availabilities (PMA's) is maintained. The current policy is to normally accomplish SRA's and PMA's in the ships' homeports.

MATERIAL MANAGEMENT AT NAVAL SHIPYARDS

Question: According to recent audits, the shipyards have accumulated large amounts of unused direct materials from prior overhauls. Why are such large amounts of unused direct materials left over from prior overhauls? What actions are being taken to reduce the amount of unused materials and to improve material planning for future overhauls?

Answer: It is difficult to forecast the exact items and quantities needed to accomplish overhaul repairs due to the imprecise nature of replacement probability factors. Failure to have an item in sufficient quantity in shipyard inventory at the

time it is needed also imposes a substantial cost in lost productivity and expediting action to obtain the parts. There is no reasonably accurate estimate of what constitutes an "appropriate" amount of unused material at the completion of an overhaul because the alternative costs of material non-availability are not measured. However, these costs can be substantial in lost labor hours, decreased efficiency and the expenditure of otherwise unnecessary resources to complete overhauls on schedule. On the other hand, unused material also imposes a cost if it is not used in a subsequent ship overhaul. Material is ultimately unused only if it is not consumed in the performance of any subsequent ship overhaul. Accordingly, improvements have been made in the ability to identify the applicability of parts to equipments, and systems are being initiated for making assets visible among shipyards to increase re-utilization of unused materials in future overhauls. Procedures are also being developed to improve the utilization of item usage history during current overhauls which will update and improve probability of usage and replacement factors for future overhauls.

REWORK

Question: According to recent audits, the shipyards have not been identifying and reporting all rework and are inconsistent in defining what constitutes rework. What action is NAVSEA taking to better define, identify, and report all rework? How will NAVSEA achieve consistency among shipyards in these areas?

Answer: In response to a tasking by VADM Fowler (SEA 00), Norfolk, Long Beach and Portsmouth Naval Shipyard Commanders have identified the essential elements of an effective rework identification and elimination program. A NAVSEA Instruction has been drafted which incorporates these elements into a program for shipyard implementation. These actions will improve the definition, identification, reporting and reduction of rework. The NAVSEA Instruction will achieve consistency among shipyards.

MANAGEMENT STUDIES

Question: In recent years the committee has received a great deal of information about a number of Navy management studies to improve the planning and execution of Navy ship repair. We have heard about the Depot Operation Improvement Plan (DOIP), the Submarine Overhaul Improvement Plan (SOIP), and the use of Shipyard Operations Review Teams (SORT). We have been told how they came about and what they are supposed to do. We know precious little about what they have accomplished in terms of costs savings or improved management. For instance, your statement fails to even mention these initiatives. Has the Navy just forgotten about these studies and, if not, what improvements have they generated and what are the savings associated with them?

Answer: The improvement initiatives are included as part of 27 actions being actively pursued under the Depot Operations Improvement Program. The program provides a formal structure for regular top management review and adjustment. The scope of the program is broad and the actions so interrelated that quantitative dollar savings are not normally used to evaluate performance. Performance is measured rather by the improvement trends in adherence to schedule and cost estimates over those set at the start of each overhaul.

OVERHAUL COMPLETIONS
LAST COMPUTED YEAR

	FY 81		FY 83	
Early/Ontime	26	39%	41	70%
Late	41	61%	18	30%
Total	67	100%	59	100%

OVERHAUL COST

Under/At Budget	26	39%	40	68%
Over	41	61%	19	32%
Total	67	100%	59	100%

One specific savings that has been realized as a result of the Submarine Overhaul Improvement Plan is a reduction between 2500 and 4000 mandays in the estimate of work required to overhaul a submarine.

ALTERATION DEFERRAL

Question: On page 11 of your prepared statement, you state that the number of alteration deferrals associated with design and material deficiencies has been reduced from 230 in fiscal year 1981 to 30 in fiscal year 1984. How many are projected to occur in fiscal years 1985 and 1986?

Admiral Walsh: As shown Fleet Modernization management initiatives, such as the Ships Alteration Improvement Program, have been successful in reducing deferrals associated with design and material deficiencies. This trend will continue in fiscal years 1985 and 1986. While it is difficult to predict exact figures the number of deferrals should remain at the low 1984 level.

INTERMEDIATE MAINTENANCE

Question: On page 3 of your prepared statement you mention the increased reliance upon intermediate maintenance and selected naval reservists to accomplish the Navy's peacetime workload. Would you expand on that and give us some specifics about how this is being done?

Admiral Walsh: Selected Reserve personnel attached to IMA Reserve detachments are accomplishing previously planned Intermediate level maintenance work during their weekend and two week active duty for training periods. The work which is accomplished by the Selected Reserves is carefully selected, planned and then concurred in by the Reserve personnel to ensure that only work which enhances the selected reserve training is assigned and accomplished. In this way the Selected Reserve mobilization readiness is improved and at the same time the intermediate maintenance workload is accomplished with fewer active duty personnel.

OVERHAUL SCHEDULES

Question: Why can't overhauls and restricted availabilities be completed on schedule without overtime, third shifts, personnel borrowings, and work deferrals? If these measures are a way of doing business, does this mean that the schedules are unrealistic?

Answer: The use of overtime and third shift work does not necessarily reflect poor planning. Depending on the repair work or testing being accomplished, it may be more cost-effective to use overtime or third shifts. Schedules are planned with overtime and other shift work. When critical skill shortages exist in one yard, it is cost effective to "borrow" personnel from other yards. This eliminates the need to hire a trade skill for short periods of time.

ALTERATION DEFERRAL

Question: How do work deferrals affect mission capabilities after the ship has left the yard?

Admiral Walsh: Impact of ship alteration deferrals on mission capabilities depends upon the specific alteration being deferred. Every effort is made to ensure alterations are accomplished as scheduled. This is especially true for improvements having major impact on warfighting capabilities. If this type alteration is deferred efforts are made, if feasible, to install prior to next scheduled availability. Such actions are usually associated with special installation teams.

OVERHAUL SCHEDULES

Question: In order to reduce ship delays, what actions are being taken to insure that the initial work packages are complete and that subsequent changes are kept to a minimum? What impact would reductions in ship delays have on the fiscal year 1986 budget request?

Answer: Part of NAVSEA's initiative to reduce costs is the objective of minimizing changes to the overhaul package. Since ship delays are not planned in advance, there is no way to measure the impact of reduced ship delays. Often times, changes in schedules are necessary to accomplish work that was identified after the start of an overhaul, and which could not be identified prior to the overhaul.

RESCHEDULING SHIP REPAIR

Question: From an operational standpoint, how do shipyards accommodate changes in the scheduled dates for ships coming in for overhauls, selected restricted availabilities, or phased maintenance availabilities? What impact do these changes have on the execution of subsequent overhauls and availabilities?

Answer: All changes to availability schedules are coordinated with the Fleet Commanders and the Naval Shipyard Commanders to reduce any shipyard impact. When changes do occur, the shipyard utilizes the personnel in other areas. The impact of changes to subsequent overhauls and availabilities cannot be measured unless a specific ship in a particular shipyard is addressed.

Question: For the record, would you identify and quantify the additional costs incurred by the shipyards during fiscal years 1984 and 1985 to date because of schedule changes?

Answer: There is no method presently available to quantify costs associated with schedule changes.

Question: Despite recent improvements, audits still indicate that schedule changes remain a problem. Why are there so many schedule changes? What impact would reductions in the number of changes have on budget requests from fiscal year 1986 and over the course of the current five year plan?

Answer: The Navy has a five year planning document which promulgates tentative schedules. As the schedule approach budget year, adjustments are made to align the schedule with current policy, operational requirements and fiscal constraints. The flexibility to change schedules is necessary in order to operate the Ship Maintenance and Modernization program in the most effective manner.

Question: For the record would you provide data on how many ships came to the shipyards for unplanned availabilities and emergency repairs during fiscal years 1984 and 1985 to date? What was the impact of these unscheduled visits in terms of staffdays expended and costs incurred? How many of these ships had been scheduled for earlier overhauls or availabilities but had been deleted from the program?

Answer: Unplanned availabilities and emergency repairs are block loaded at each Naval Shipyard based upon similar workload accomplished in past years. This block loading concept does not quantify the number of ships nor are records maintained on how many ships have unplanned availabilities or emergency repairs. A certain portion of the shipyard employment is reserved for unplanned and emergency repairs based upon past usage. In FY 1985, there were three deletions from the public sector overhaul program. USS MT WHITNEY LCC-20, USS MERRILL DD 976, and USS YARNELL CG-17 were cancelled. MT WHITNEY and MERRILL were operational scheduling changes and USS BELKNAP CG-26 was substituted for the YARNELL overhaul at Norfolk Naval Shipyard for Flagship modifications prior to deployment.

MATERIAL MANAGEMENT AT NAVAL SHIPYARDS

Question: What is the value of unrecorded direct materials at all Naval Shipyards? What actions are being taken to identify and record this material in official inventories?

Answer: The total value of unrecorded material is unknown, but its existence is a cause as well as an effect of inefficient material management. Unrecorded material causes inefficiency because it cannot be identified to satisfy requirements in the shipyard material system. It is an effect because personnel retain material in the work place since they do not generally have confidence in the operation of the system to retain valuable material after it has been returned to inventory. Recent NAVSEA review of disposal and retention policy has concluded that valuable material is being removed prematurely from inventory and must subsequently be reordered.

Question: Recent audits at Naval Shipyards indicate that shop stores inventories contain a substantial amount of excess materials. Why is this so and what actions are being taken to identify, analyze, and dispose of excess shop stores material?

Answer: Audits of shipyard Shop Stores inventories have been based on a policy establishing criteria for the determination of excess inventory which did not include economic retention levels. NAVSEA review of this policy was required by the navy-wide freeze

on disposal actions imposed by DOD and SECNAV. This review concluded that material was being prematurely disposed of or returned to the supply system at a financial cost substantially greater than the cost to retain and consume the material within the shipyard. Policy revisions prepared for submission to NAVMAT and NAVCOMPT will increase the efficiency of inventory management and reduce the value of Shop Stores inventory erroneously identified as excess by current criteria. Criteria revisions will bring shipyards in line with retention policy applied to equivalent inventory levels throughout the Navy. Material in excess of these retention levels will be returned to the supply system.

Question: What impact will reductions in unused, unrecorded and excess materials have on the fiscal year 1986 budget request?

Answer: The precise budget impact cannot be measured at this time. Re-utilization of unused material will have a positive impact but, to a large degree, will be dependent on the material requirements for future overhauls and a system that will permit visibility and sourcing of this material among all Naval Shipyards. The recording of unrecorded materials in official inventory will increase inventory levels. Reduction in ordering material and inventory levels will occur as this material is re-utilized. Establishing retention levels and redefining excess Shop Stores materials will result in reduction in ordering the same material over a period of time. Based upon these factors, it is anticipated that any budget impact will not manifest itself until fiscal year 1987.

OVERTIME AND WORKFORCE CHANGES

Question: Last month I learned that the Naval Sea Systems Command (NAVSEA) issued a directive to the effect that Naval Shipyards were to reduce costs by (1) implementing a freeze on hiring full time permanent employees, (2) limiting overtime to no more than seven percent, and (3) extending availability durations. Since this directive was subsequent to the fiscal year 1986 budget submission, what effect will it have on the Navy ship repair and modernization request?

Answer: The current initiative of reducing employment at the shipyards is in consonance with balancing the budget workload for FY 1986 to the workforce. It will have no effect on our budget request.

Question: In accordance with the recent NAVSEA directive, what specific plans do the shipyards have for reducing overtime and workforce?

Answer: Current plans are to reduce the shipyard employment level from its current 78,000 level to 73,000 by the end of 1985. Additionally, a seven percent limitation on overtime has been placed on each shipyard. Exception to the overtime limitation is being made on a case-by-case basis.

Question: How will the NAVSEA directive affect the shipyards ability to perform the overhauls and availabilities scheduled for fiscal year 1986? What specific changes are contemplated?

Answer: The current NAVSEA initiative will enhance the shipyard's ability to balance workforce with workload and execute the FY 1986 overhaul and availability program.

REWORK

Question: Has NAVSEA established a percentage standard or level for rework at shipyards? If so, what is this standard and when is it expected to be achieved?

Answer: No standard has been established. For the near term, efforts will be directed to the areas of greatest payoff. The major causes of recurring rework will be identified and eliminated.

Question: Given the industrywide rework estimates of 15 to 25 percent of total costs, any significant reductions in rework obviously will result in major cost savings. Accordingly, what impact will a vigorous program to reduce that amount of rework at shipyards have on the fiscal year 1986 budget request?

Answer: It is recognized that a vigorous program to reduce shipyard rework has a tremendous potential for monetary savings. However, the impact on the fiscal year 1986 budget request will be minimal. The savings are not quantifiable at this time and are expected to be off set by the costs of getting the program fully implemented.

PRIVATE SHIPYARD OVERHAUL SCHEDULES

Question: I understand that the Naval Sea Systems Command (NAVSEA) believes that substantial savings in private shipyard overhaul costs can be realized, without degrading quality, by allowing the length of time ships are in overhaul to be determined by a shipyard's most effective working tempo. Accordingly, NAVSEA asked its Supervisors of Shipbuilding (SUPSHIPS) to determine the impact of this action on private overhaul schedules and costs. What are the results of the SUPSHIPS impact studies? Specifically, what will be the effect on fiscal year 1986 overhaul schedules?

Answer: The SUPSHIPS are still assessing the impact and the result of their assessment is not known at this time.

Question: On the basis of SUPSHIPS impact studies, what will be the savings by limiting overtime, premium pay, and acceleration costs and how will these savings effect the fiscal year 1986 budget request?

Answer: Since the assessment has not been completed, cost savings cannot be determined at this time.

Question: If overhaul scheduled completion dates at private yards are not met, what will be the impact on fleet operational commitments?

Admiral Walsh: The severity of the impact of delays in ships' overhaul completions will vary by the length of the delay and by ship type. In some cases we can absorb some delay with little or no impact on the fleet schedule. In other cases we have to deploy another unit in place of the one which slipped, decreasing the interval between deployments for the unit affected. What we must remember is that on the day a ship completes a lengthy overhaul significant crew training over a period of several months lies ahead before the ship is a productive asset.

BORROWING PERSONNEL FROM OTHER NAVAL SHIPYARDS

Question: Do the shipyards anticipate needing to borrow personnel from the remainder of fiscal year 1985 and in fiscal year 1986 to compensate for the directed reduction in overtime use? Considering the planned reduction in shipyard personnel, will the shipyards have workers available to be borrowed?

Answer: Shipyards will not be borrowing personnel from other shipyards because of the limitation in overtime. If needed, exceptions will be made to the overtime limitation. The extent of how many and where excess workers will be available to borrow is not known.

Question: Does the workload for each shipyard match the skills in their workforces so that the need to borrow personnel is minimized. How can the shipyard workloads be adjusted to more adequately match the shipyard workforces and preclude borrowing personnel?

Answer: Naval Shipyards are always attempting to match their workforce to workload. However, because the complexity and type of work varies from ship to ship, additional personnel might be required in a specific trade, necessitating the need to borrow from other shipyards.

USS BELKNAP OVERHAUL

Question: What circumstances caused the scheduled overhaul of BELKNAP to be moved from fiscal year 1986 to fiscal year 1985? How does this change effect the 1986 budget request and overhaul program? Also how does it effect the 1985 program?

Admiral Walsh: USS BELKNAP's overhaul was advanced from fiscal year 1986 to fiscal year 1985 to upgrade her command and and control and staff support spaces in consonance with Navy's plan to relieve USS PUGET SOUND, the current Sixth Fleet flagship, with a combatant by mid-1986. The FY 1985 program will be balanced by extending another cruiser, USS YARNELL, to FY 1987 for overhaul. The YARNELL will receive a SRA which will enable it to operate in 1986. FY 1986 funding requested for BELKNAP will be used for USS BIDDLE which will now be added to the 1986 program to become the lead cruiser to receive new threat upgrade (NTU) alterations. All of these actions are being carried out to miminize the negative affects on shipyard loading and thereby the negative affect to other aspects of the ship overhaul program.

Question: Why is the BELKNAP being converted to a flagship when two other ships already exist as flagships? Will altering the BELKNAP provide enough space for the Sixth Fleet Command Staff? What use will be made of the other two flagships?

Admiral Walsh: USS BELKNAP is being converted to a flagship to provide Commander Sixth Fleet with a combatant platform, able to defend itself, from which to perform his missions. This type of platform will increase the operational flexibility of the flagship. In the year ahead, USS BELKNAP's modern guided missile cruiser combat system will be augmented with the latest command and control equipment; in addition, her administrative offices, messing and berthing facilities and ancillary spaces will be expanded to accommodate the Sixth Fleet Command Staff. USS PUGET SOUND, the current flagship, will return to the United States in the Fall of 1985 to undergo scheduled overhaul and modernization; subsequently she will rejoin the U.S. Atlantic Fleet and resume the mission of a destroyer tender full time. The intermediate maintenance capabilities of destroyer tenders are becoming more critical as the number of surface ships increase and maintenance policies stress more short availabilities rather than lengthy depot level overhauls. USS PUGET SOUND will be able to provide her maximum support effort to other surface ships. USS CORONADO will relieve USS PUGET SOUND as Sixth Fleet flagship until USS BELKNAP's arrival in mid-1986. USS CORONADO's future employment will be as command ship.

Mr. DANIEL. Do the members have any other questions?

I want to express my appreciation to all of you for being here this afternoon. When those bells ring, you know there is a mass exodus and they rang as far as we are concerned about an hour and a half ago and all of them are still here, and I am very grateful to you for your attendance.

We appreciate the attendance of the Navy representatives.

This is perhaps the most expeditious meeting that I have been involved with since I have been here. It moved along more expeditiously. I don't know what the answer is. Is it whether you all have done such a good job or you have been so efficient in what you have done; whether you have no problems; or whether it is just that everybody just wants to get out of here. I am not sure what it is, but in any event, we appreciate your coming and the information which you have given us will be very helpful to us as we undertake to mark up the bill.

The next subcommittee meeting will be held on Wednesday, April 3, regarding DoD's report to Congress on CORE logistics functions at 2 p.m. The room will be announced later.

Thank you very much, again, everyone and the meeting is adjourned.

Admiral WALSH. Thank you, Mr. Chairman.

Admiral MCARTHUR. Thank you.

[Whereupon, at 2:50 p.m., the subcommittee was adjourned, to reconvene at 2 p.m., Wednesday, April 3, 1985.]

CORE LOGISTICS FUNCTIONS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Wednesday, April 3, 1985.

The subcommittee met, pursuant to call, at 2 p.m., in room 2337, Rayburn House Office Building, Hon. Earl Hutto presiding.

STATEMENT OF HON. EARL HUTTO, A REPRESENTATIVE FROM FLORIDA

Mr. HUTTO. The Subcommittee on Readiness will please come to order.

Today, the subcommittee resumes its consideration of the fiscal year 1986 Department of Defense operation and maintenance request and will receive testimony regarding the Secretary of Defense's report to Congress on core logistics functions as required by section 307 of the last year's Defense authorization bill.

Our witness this afternoon is the Honorable Lawrence J. Korb, Assistant Secretary of Defense for Manpower, Installations and Logistics, and Mr. Secretary, we are glad to have you back again.

As you are well aware, Mr. Secretary, there is a great deal of interest in the issue of core logistics on the Hill. I would even go so far as to say that the Department of Defense's response to this interest represents a litmus test of whether we can continue to cooperate on A-76 in contracting out issues or whether we have to follow a unilateral course of action.

One thing is clear, policy decisions regarding the A-76 program have to consider more factors than management convenience or purported savings. This is especially true in the area of logistics. We have to consider system integrity, work quality, responsiveness to emergency requirements and the maintenance of in-house capabilities to serve as a yardstick against which to measure contract performance. Given the recent revelations regarding the practices of several major contractors, this in-house yardstick has never been more important.

Before we proceed further, I would like to recognize Mr. Nichols, the sponsor of last year's provision, and the distinguished chairman of the Investigations Subcommittee of the House Armed Services Committee.

Mr. Nichols.

STATEMENT OF HON. BILL NICHOLS, A REPRESENTATIVE FROM ALABAMA

Mr. NICHOLS. Thank you, Mr. Chairman.

I ask the indulgence from my colleagues on the subcommittee and Secretary Korb for a few minutes. I want to talk about the provisions that you referred to in last year's Authorization Act concerning core logistics functions and the requirements for the Secretary of Defense to report back to Congress, identifying specific jobs associated with these functions.

I hope I am qualified to speak on this subject as I was author of that provision and I negotiated its inclusion in the conference report with the Senate last year.

For that reason, I believe I know what the conferees meant and we expected the Secretary of Defense to do in response to this guidance.

First of all, Mr. Chairman, and gentlemen of the committee, I would like to provide a little background. For at least the past 4 years, I have been repeatedly—I say repeatedly—told that there were certain critical defense jobs performed by civilians that would not be subject to cost studies in accordance with Office of Management and Budget OMB Circular A–76. Over and over, the Department of Defense and service witnesses told me that certain readiness-related civilian jobs just would not be contracted out.

The strange thing is that every time I asked someone to identify these jobs, nobody could give us a list. That is where the core logistics functions provision comes in. Last year I learned that the Navy Material Command was engaged in a study to identify core logistics functions at shipyards, at air rework facilities and at ordnance depots. According to Navy briefers, about 85 percent of the jobs at these facilities would be considered core logistics in nature and not subject to future A–76 reviews.

Also I learned that some efforts were underway by the Army and the Air Force. The point I want to make is that core logistics is not just something that Bill Nichols dreamed up. It was careful and comprehensive and an independent effort within the Department of Defense to identify specific jobs at depots, at arsenals, at shipyards, and the like. That was the basis of the provision I offered last year.

It represented an effort on my part to take advantage of ongoing core logistics studies and, at the same time, get a partial list of readiness-related jobs that would be exempted from A–76 reviews anyway. All we were asking was that the Secretary accelerate those ongoing studies, to scrub them and to provide Congress with a list of those jobs.

One point I would like to make about this requirement to list core logistics jobs is that we never told the Secretary which jobs to put on the list. From my remarks on the House floor to this day, the only expectations I had was that the jobs would involve mission functions at industrially funded facilities. That is what I told my colleagues; I told the contractors that and I told DOD representatives that. I told Members of the other body during the conference deliberations that.

There were opportunities along the way to extend the scope of the core logistics provision to include other areas or to attempt to dictate the inclusion of certain jobs at industrially funded facilities. We didn't do that. I didn't do it for two reasons: First, I wanted to give the Secretary of Defense as much latitude as possible. Equally

important, this was the understanding that we reached in conference, and where I come from, a deal is a deal.

The second thing worth noting is that the core logistics provision contained a waiver provision permitting the Secretary of Defense to take a function off the core logistics list after a hold-and-wait period following notification by Congress.

The bottom line is that my provision does not force the Secretary to place any specific job on the list and gives him a way of taking any job off the list that he so desires. It represents a modest effort to identify readiness-related jobs, those types of jobs that DOD and OMB witnesses repeatedly told us would not be contracted out.

So now we come to the Secretary's report, which came to me, Mr. Chairman, just a day or so ago. The first thing that we find is that Congress did not know what it was asking for. We are told that instead of a specific listing of core logistics jobs, what we really wanted was a listing of depots and arsenals and shipyards. This is somewhat insulting to me. If I had wanted that kind of a list, I wouldn't have sponsored legislation in order to get it.

Throughout the entire legislative process, everyone involved understood that the issue was jobs at industrially funded facilities. There is nothing in the legislative record of debates to indicate otherwise.

More important, Mr. Chairman, and gentlemen of the committee, I believe that DOD understood that also. They understood what we meant, as in evidence by the fact that two of the three options considered last week included a listing of functions of jobs. The next thing that we find in the Secretary's report is that there are really no readiness core-related jobs around. It seems that DOD and OMB witnesses over the past 4 years didn't know what they were talking about.

It seems that core logistics only relates to real estate, materials and the front office. Everybody else will be subject to A-76 review and contracting out. I find this incredible.

If there is anything that is readiness related at shipyards, depots and arsenals, it is the dedicated and skilled DOD civilian employees who provide the logistics support to the Armed Forces. Placing a relative value and contribution of civilian work force below real estate, materials and management is one of the most insensitive and disturbing things that I have heard in years.

This failure to define core logistics jobs is just unacceptable to me. The civilian and the military managers in the field know what core logistics jobs are. I have here reports from all three of the agencies in which they list the Navy Sea Systems Command jobs that they consider to be not contractable out: depot maintenance of vessels, ocean terminal operations, and so forth. [See App., p. 1125.]

I have here from Army Materiel Command, General Thompson's shop, a list of jobs that they submitted that just shouldn't be contracted out. Watervliet Arsenal, for example, manufacturing gun tubes facilities. Is it core logistics? Yes. Equipment. Is that core logistics? Yes. Personnel. Is that core logistics? Absolutely. Mobilization, essential.

So Mr. Chairman, I can't conceive this to be anything other than an attempt to circumvent the will of Congress. More than that, I am disappointed. The legal hairsplitting, Mr. Secretary, and the

somewhat twisted reasoning contained in this report are just not in keeping with the fine working relations that members of this committee have had with the Department of Defense over the years.

Let me leave these thoughts with you. They have to do with improved spirit of cooperation this committee has enjoyed with the Department on contracting out over the past several years. As I mentioned earlier, we have tried to be reasonable, but in looking over this report, I have to conclude that this cooperation must have been mistaken for decline of interest in the A–76 program, or a weakening of our conviction that contracting out should not interfere with military readiness and logistic capability.

Mr. Secretary, the only thing that could be further from the truth is the belief that Congress does not have a role to play in establishing policy on contracting out. The last time I looked at the Constitution, it said that Congress, that Congress had the primary responsibility for raising and supporting an armed force. That is a clear recognition that there are some policy areas that are too important to be left entirely to the discretion of the Secretary of Defense.

It looks as if we have found one that fits that description and I thank you, Mr. Chairman, for indulging me for these remarks. I say that in all charity to the gentleman here at the desk because we have had a wonderful relationship over the years and I hope that continues. I have the highest regard for Dr. Korb.

Thank you.

Mr. HUTTO. Mr. Nichols, thank you for a very fine statement.

Mr. Whitehurst.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, READINESS SUBCOMMITTEE

Mr. WHITEHURST. Thank you, Mr. Chairman. I also would join you and my colleagues in welcoming Secretary Korb as an old friend, and also to welcome back our former colleague, Congressman—former Congressman Bob Daniel, who spent many faithful and diligent hours on our committee.

Mr. Secretary, I commend you for bringing him along. Your credibility is enhanced enormously by Mr. Daniel's presence.

Mr. KORB. After what Congressman Nichols said, I am ready to let him sit here and testify.

Mr. WHITEHURST. I don't see him moving forward to take your place. I think you are going to have to hold that hot seat.

I, too, have some very serious concerns about the apparent position of the Defense Department regarding core logistics. I have reviewed the report forwarded to the Congress by Deputy Secretary Taft, and that report, as has already been mentioned, is in response to a requirement contained in last year's authorization act.

Mr. Chairman, I don't want to promote an adversarial discussion, nor do I want to engage in a discussion of the semantics of the language in the law, however it seems clear to me that there has been a pretty obvious misinterpretation.

Section 307(b)(1) of the law reads in part—I am quoting now—"Except as provided in paragraph 2, performance of a logistics ac-

tivity identified by the Secretary under subsection (a)(2) may not be contracted for performance by nongovernment personnel," et cetera, et cetera. Now, the Defense Department report referring to the work at core logistics activities reads as follows—and I am quoting now: "The work at those activities may be performed by either government or contractor personnel."

Mr. Chairman, as I said before, I don't want to debate what the law says. I think it is pretty clear. I think it is even clearer if you examine the legislative history. As a Member of Congress representing constituents at three installations which the DOD has identified as core logistics activities, I am concerned that the intent of the Congress regarding those skilled personnel is not being carried out.

Mr. Secretary, along with my other colleagues, especially Mr. Nichols, who has just given a very fine statement, I look forward to your testimony and I hope we can work to resolve what I feel is a DOD position based on a misinterpretion of the law.

Mr. Chairman, I thank you.

Mr. HUTTO. Thank you, Mr. Whitehurst.

Mr. Secretary, you may proceed in any fashion you see fit.

STATEMENT OF HON. LAWRENCE J. KORB, ASSISTANT SECRETARY OF DEFENSE FOR MANPOWER, INSTALLATIONS AND LOGISTICS, DEPARTMENT OF DEFENSE

Mr. KORB. Thank you very much, Mr. Chairman, members of the committee.

I am delighted to be back here with you to discuss the report which Deputy Secretary of Defense Taft provided to you on April 1. I want to say that logistics and readiness is of vital concern to me, as well as the rest of the Department.

DOD CORE LOGISTICS

Let me discuss, if I can for a few moments, the concept of the DOD core logistics. We are talking about a core in-house logistics capability owned and managed by Government personnel and operated by either Government or contractor personnel.

I think it is important to keep in mind that the commercial industrial base is important, too. In this joint way, we can conserve resources now and also assure capability to expand during mobilization.

If we had an unlimited Defense budget; if there were no constraints, I think we would probably have a force of all active duty people because they would provide us the greatest amount of capability. They could be moved and we could do with them what we want. We do not have an unlimited amount of resources so we make tradeoffs among private sector, Government civilians, Reserves and Active, and I think this is the concept that we need to keep in mind.

I was at a hearing this morning before your colleagues in the other body getting beaten up for why I didn't contract more out, so I think that we have to keep this in mind. We are trying. We are not trying to deceive anybody; we are trying to make the best use of our resources.

I think it is no secret—it has been in the paper—that the Senate Armed Services Committee is talking about cutting 100,000 civilians from our payroll and the question we are then left with is how do we get that work done if they can't be Government civilians? I think we have to make prudent use of Government-owned, Government-operated facilities; as well as Government-owned, contractor-operated, and contractor-owned and contractor-operated facilities.

Now, we allocate the workload to these facilities considering two things: First and foremost, the need for Government and commercial industrial bases; and second, the relative cost-effectiveness.

The type of work we are talking about is depot-level distribution and maintenance of mission-essential material. Material means all tangible items; mission-essential material is material for the combat forces.

Our core logistics report lists the governmental facilities and equipment, operated by the military departments, the defense agencies and contractors, and government management personnel. We will perform the work at these activities in the most cost-effective manner with either Government or contractor personnel.

Now, the Congress has asked us to develop criteria. According to our best judgment, facilities and equipment are core when they are required to perform depot-level distribution and maintenance of mission-essential material; required to provide capability to perform mobilization workload. Government personnel are core when they manage or direct the work of a core logistics activity.

I want to highlight that because I think this is where we have a difference as to what we interpret as core and what some members of this committee seem to feel.

REPORTING PROCEDURES

In terms of reporting procedures, and I would like to emphasize this: Even if, in fact, we disagree about what is a core activity, section 502 of Public Law 96-342 requires us to notify you of planned A-76 studies. We will annotate future announcements when an A-76 study is planned at a core logistics activity. In other words, you will know when we are going to study it. We will report fundamental changes of core logistics in accordance with section 307 of Public Law 98-525.

In conclusion, let me make a few points. We in the Department are committed to A-76. A-76 is healthy competition. We find that because of this competitiveness, we save the taxpayer about 29 percent of the original cost without harming readiness. This is on the average; and sometimes service even improves.

We will continue to own and manage our essential depots. We will continue to foster our commercial industrial base. We will consider industry operation of our depots when it makes sense. Industry has supported us ably in the past and I believe we can count on them.

The major thrust of our approach to core logistics is to manage our manpower effectively and efficiently and maintain flexibility. I do not believe the Department's approach will harm readiness. In fact, our depot readiness could improve.

Government ownership of essential depots ensures our capability to respond to an emergency.

Thank you very much.

PREPARED STATEMENT OF HON. LAWRENCE J. KORB

INTRODUCTION

Mr. Chairman and members of the Committee, it is a distinct pleasure for me to appear before you today to discuss the readiness and capability of our logistics community to respond to mobilization requirements or other national emergencies. Specifically, I am appearing to discuss our core logistics report, which was forwarded to the Chairman of the House and Senate Armed Services Committees on April 1, 1985.

Last year in the FY 1985 Authorization Act Congress asked the Secretary of Defense to identify the logistics activities needed to "maintain a logistics capability (including personnel, equipment, and facilities) to ensure a ready and controlled source of technical competenance and resources necessary to ensure effective and timely response to a mobilization, national defense contingency situations, and other emergency requirements."

We have always planned and budgeted sufficient resources to ensure that our combat forces are fully supported both in wartime and in peacetime. Our logistics operations are critical to success on the battlefield, and the readiness of our organizations involved in logistics is of vital concern to me.

DOD CORE LOGISTICS

It is the policy of the Department of Defense to maintain an in-house capability, managed by government personnel and operated by either government or contractor personnel (or both), to meet the wartime requirements for depot level logistics support to the armed forces. It is policy to maintain a commercial-industrial base to perform similar type work.

Only in this joint way can we conserve resources now and ensure the capability to provide the technical competence to expand rapidly in both government and commercial facilities during mobilization or national emergencies.

This capability can be achieved through use of prudent levels of government owned-government operated (GOGO), government owned-contractor operated (GOCO), and contractor owned-contractor operated (COCO) facilities. The allocation of workload to any of these facilities must be made on a case by case basis considering first, the need for both government and commercial industrial bases and second, relative cost effectiveness.

The type of work we are talking about is the depot level distribution and maintenance of mission-essential materiel. By materiel we mean all tangible items (including ships, tanks, self-propelled weapons, aircraft, etc., and related spares, repair parts and support equipment; but excluding real property, installations, and utilities) necessary to equip, operate, maintain, and support military activities without distinction as to its application for administrative or combat purposes. Mission-essential materiel is that materiel which is authorized and available to combat, combat support, combat service support, and combat readiness training forces to accomplish their assigned mission.

Our core logistics report lists activities owned by the government and operated by the Military Departments, Defense Agencies, and contractors. The equipment in these facilities, and the management personnel needed to control these resources and to direct the work comprise the core logistics capability needed by the Department. We will perform the work at these activities in the most cost-effective manner with either government or contractor personnel.

CRITERIA

The Congress also asked us to develop criteria to identify core activities. The procedure is relatively straight-forward.

Facilities and equipment are designated core when: The facility and its equipment are required to perform depot level distribution and maintenance of mission-essential material; and the facility and its equipment are required to provide the minimum capability and capacity to accomplish the anticipated mobilization workload.

Government personnel are designated core when: They manage or direct the work of a core logistics activity.

Performance of the work at core logistics activities will be accomplished in the most cost effective manner using either government or contractor personnel.

REPORTING PROCEDURES

Section 502 of Public Law 96-342, as amended, requires us to notify Congress of our intention to conduct an OMB Circular A-76 competition. The Military Services and Defense Agencies shall annotate future announcements to Congress when a study of a particular subactivity (not itself core) is planned at a core logistics activity listed in our report of April 1, 1985. In this way we will keep you informed of our plans for A-76 studies at these core activites. We will also report fundamental changes of core logistics to the Committees on Armed Services as required by Section 307 of Public Law 98-525.

CONCLUSION

The Department of Defense is committed to energetic pursuit of A-76 program goals when it makes sense. We view the A-76 program as competition, and very healthy competition at that. A-76 competitions save 29 percent of the original cost of doing business without harming, yet often enhancing, our ability to execute our mission. We have found that service often improves, while at the same time the cost of operations decreases.

We will continue to own and to manage our essential depots while allowing for improved efficiencies in their operations. Also, we will continue to foster our commercial-industrial base and to consider industry operation of our depots when it makes sense to do so. Industry has supported us very ably in the past and I believe we can count on them in the future.

The major thrust of our approach to core logistics is to permit the Military Services and Defense Agencies to organize and manage their manpower in the most efficient and cost effective manner, consistent with the need to maintain both a government and a commercial industrial base. Our approach provides the Services and Defense Agencies the flexiblible they need to perform all of their missions effectively.

Most important, our approach will not harm readiness. The readiness at our depot level activities will remain constant and could even improve. And through continued government ownership of our core logistics activities, our capability to respond to both the peacetime and wartime requirements of our combat forces will be preserved.

Mr. HUTTO. Thank you, Mr. Secretary, and without objection, your prepared statement will be entered into the record.

Mr. Secretary, Secretary Taft indicates that he remains committed to the A-76 program where it makes sense. Maybe you can tell us, in your view, when it makes sense. How does the contracting out of mission function at core logistics facilities make sense?

CONTRACTING OUT

Mr. KORB. If you find out that you can get the same amount of work done for less cost to the taxpayer without, in fact, impacting on readiness or hurting your mobilization capability, then it makes sense.

Mr. HUTTO. OK. That takes a rather extensive study.

Mr. KORB. That is correct and I think it is important to keep in mind that we are not talking about rushing out and throwing everything that is Government to the private sector. These studies are time consuming; the people have the ability to challenge them in courts. You may remember a couple of years ago down in your own district, you and Senator Chiles asked us to hold up a particular study until we could get it sorted out. We have always done that for the Congress because we are concerned about readiness.

You know, 14 of the 17 active Army ammunition plants are now operated by contractors. There is nothing more vital to our mobili-

zation capability or our ability to fight than those particular plants and they work well.

Mr. HUTTO. Mr. Whitehurst.

Mr. WHITEHURST. Thank you, Mr. Chairman.

Mr. Secretary, I don't in any way—none of us question your integrity and your effort to do the very best possible job. I want to say that at the outset. I have the feeling, though, going along with your statement that we have talked past each other today. I really think that is what is happening here.

Let me ask you something, and I am not going to try to pin you to the wall or anything like that, but in your own words, what do you think the intention was of section 307 of Public Law 98-525?

PURPOSE OF SECTION 307, PUBLIC LAW 98-525

Mr. KORB. I think what you wanted to find out from us, those things that we, under no circumstances, would ever consider contracting out. What we are telling you is that the only thing we can do—and after careful consultation with the services and with all of the people affected, we felt that the management was the only thing that we could, in all good conscience, say could not go outside the Government. I think that is where the disagreement is. I think the committee feels there are things other than management. We are giving you our best judgment.

Mr. WHITEHURST. We are certainly in agreement on that. There is no question about it.

All right, then, let's go on and proceed with this a bit further. I am not just walking through a semantic exercise, but what do you consider the essential readiness elements in core logistics? Personnel, what kind of personnel? You have said managers right here, OK. Material equipment, is that essential?

Mr. KORB. We are talking—in terms of the Government owns it; the contractors can operate it.

Mr. WHITEHURST. OK.

These questions follow one another. The DOD report on core logistics indicates it is DOD policy to maintain an in-house capability and the quotation is "managed by Government personnel," as you stated.

Mr. KORB. That is right.

Mr. WHITEHURST. And then operated by either Government or contractor personnel.

Mr. KORB. Correct.

Mr. WHITEHURST. Why shouldn't the operator personnel of a core logistics facility also be Government personnel, just as management types?

Mr. KORB. Again, because we feel that under certain circumstances, contractors can operate facilities like at the Army ammunition depots. One of the things I can't emphasize to you too much—as I look out now, I see our manpower under severe attack. I am talking about people on the Government payroll. I don't know what the House will do in its markup, but we are facing cuts right now—it has been in the newspapers—of 100,000 Government personnel.

Now, this committee last year took off Government ceilings, ceilings on personnel, which I commended them for, and I think it is the right thing to do, yet when I testified before the Senate, that quotation is pulled out and used against me, "See, you have no control and don't care about how many people we have on the payroll."

As I say, if we had all the money in the world, that we could hire all the people that we wanted, then, in fact, obviously we would prefer to have it done by government personnel, but you and I both know—we have been around here long enough—that we do not end up with the money that we want; we are limited to the number of people, and my job is to get the function done.

Mr. WHITEHURST. I believe that.

Let me say, your ordeal with the Senate is one we share. We have to meet with them, too, to resolve the differences in the bills. Mr. Nichols—he has spoken to this before—we have always had that battle with them. As a matter of fact, getting the ceilings off last year was a major achievement and I am just as disturbed as you are when I read these reports in the newspapers of the machete they are taking to our rolls over there when they talk about cutting 100,000 people off. It gives me heartburn as well.

Just one last question and I will yield the rest of my time. While the current DOD organic depot system is not subject to strikes, this would not be the case if we contracted out part of our core logistics requirement, would it?

STRIKE THREAT

Mr. KORB. I think that—if you write the contract correctly, you can handle that. We have never had any problem. Remember, we have a lot of work that is contracted out already. Lots of areas are contracted out. We never have, to my knowledge, had any problems in terms of——

Mr. WHITEHURST. A labor dispute.

Mr. KORB [continuing]. A strike. OK? They have not—the services have not recorded a single instance where a strike seriously disrupted a base.

Mr. WHITEHURST. I seem to remember, and maybe Mr. Daniel can nudge my memory a little better on this, because he represented Portsmouth and the naval shipyard there, but I thought—didn't we have a threat in the labor area—of a work stoppage there with the guards who were contracted out sometime ago, Bob? Didn't we?

Mr. DANIEL. My recollection on that is not that good now.

Mr. KORB. We do have contingency plans for service in event of work stoppage. But I agree with you, there is a risk. I mean, don't get me wrong. It is the same risk we run if we take a function and we put it in the Reserves because we can't afford to keep it in the Active and if we need to deploy a unit quickly and it is in the Reserves, in many cases, it can't respond. I mean, we know that, and that is why I am saying that I agree with you. You do take risks; don't get me wrong, but what I am saying is that given the amount of work that we have, and given the way we see things coming in the budget, we would prefer to have this flexibility, but remember,

when we notify you of something, if you disagree with us, you can stop it right there. You can say, no, don't do it.

Mr. WHITEHURST. That is nice to know.

I would like to yield to Mr. Nichols, if I might. He looks like he might have further questions.

Mr. NICHOLS. I have had more of my time, I think, already, Mr. Chairman——

Mr. WHITEHURST. No, sir. What I have left, you can use mine.

Mr. NICHOLS [continuing]. If we are operating on the 5-minute——

Mr. HUTTO. No. You go right ahead.

Mr. NICHOLS. If I might just follow it up, did I misrepresent things in any way when I said that I have been told time and time and time again that there were just certain jobs, by their very nature, that ought not to be contracted out? I don't have that in writing, so I am not going to quarrel with your answer on it, but I know I have been told that.

Mr. KORB. I understand and I know that there is disagreement in the Department. There was disagreement within the services before this report came out. It was subject to intense analysis and there were very strong feelings about it, but after having looked at it all and considered all the options and all the inputs, the Deputy Secretary of Defense basically decided that other than management, everything could be considered.

Now that doesn't mean that we are going to do it, and I can't emphasize that too much. All it does is it gives us the flexibility to be able to notify you that this is something we would like to do.

Now, as I say, if you had asked me 6 months ago if we would be facing a cut of 100,000 civilians after we had just lifted the ceilings, I wouldn't have believed you, but we are dealing with that. Suppose that were to happen. We would still have to fix the ships and what would we do if we didn't have the people?

I would say the fact that we have this flexibility to go to the private sector is something we ought to preserve.

Mr. NICHOLS. It just seems to me that the decision that you just so eloquently laid on the table here before us is a complete affront to what the conference report between the Senate and the House conferees have directed you to do.

Now, we didn't say identify bases. We asked you for functions, what functions, and we said, give us a list of these and we said, give us a list of them by the 15th of April——

Dr. WEST. First of April.

Mr. NICHOLS. By April 1; all right.

You haven't done that, Mr. Secretary.

IN-HOUSE MANAGEMENT

Mr. KORB. I think we have. I think this is where the disagreement is. What we are saying is the only function we think that has to remain in-house is management.

Mr. NICHOLS. That is not what General Thompson said.

Mr. KORB. I know that——

Mr. NICHOLS. That is not what the Navy said. They gave you a list of jobs——

Mr. KORB. I know that.

Mr. NICHOLS [continuing]. That they considered to be core logistic.

Mr. KORB. I know that.

Mr. NICHOLS. Now, why did you give me a list of those jobs, instead of listing this depot and this shipyard and this arsenal? That is what the conferees said. On the fourth floor of the Capitol, that is what we directed you to do.

Mr. KORB. I understand that.

Mr. NICHOLS. Doesn't that count for something?

Mr. KORB. It certainly does, and I think your report asked for facilities and equipment as well. It wasn't just personnel. I think our disagreement is with personnel. I don't think you object to getting a list of the facilities and equipment.

Mr. NICHOLS. I don't object to that, no.

Mr. KORB. OK.

Mr. NICHOLS. But you haven't given us the——

Mr. KORB. The personnel.

Mr. NICHOLS. You haven't given us the job functions.

Mr. KORB. But I think we have. The disagreement we have is you disagree with what we gave you. See, we are——

Mr. NICHOLS. I disagree with what you gave me and I disagree because you haven't complied with the specific intent, directive of Congress.

Mr. KORB. Again, what I am saying to you and what the Deputy Secretary of Defense said in this report to you was that the only thing that he says are core functions are the management, not the actual, if you will, the workers. That is where the disagreement is.

I know exactly what you mean. You would prefer us to have identified specific jobs, but the decision was made not to disregard it, but to say basically we don't know that there might not come a time when we might have to take some of those things that are on any of these various lists and consider them for contracting out.

Mr. NICHOLS. Mr. Secretary, I believe you are faced with a difficult task this afternoon. I have said to you—this is nothing personal against you at all because I have the highest respect for you and I want you to know that, but I am not sure you are your own man this afternoon.

I believe this—I don't know that you really believe what you are telling us. [Laughter.]

I believe—I honestly believe—is this going on the record, Mr. Chairman. [Laughter.]

I believe this came from further up than the Department of Defense. You don't have to respond to that, but I just can't conceive of you all—the Department of Defense and you have been a partner with the Armed Services Committee. Together, we have tried to make this thing work.

I just believe there is some other hand in this in some way. I don't know who the players are, but I intend to find out, Mr. Chairman.

Thank you for yielding to me.

Mr. HUTTO. Yes; and Mr. Whitehurst's time has expired.

Mr. Ray.

Mr. RAY. Thank you, Mr. Chairman.

Mr. Korb, good to see you this afternoon.

Mr. KORB. Nice to be here. I think.

Mr. NICHOLS. I believe the Secretary has been, as we say, rode hard and put up wet over on the Senate side. [Laughter.]

Mr. RAY. We were talking about the manpower ceilings. As I understand, the Senate has now directed that they be reimposed in their committee. Did you know that?

Mr. KORB. That is my understanding, but I don't know if they are official. They gave me every indication of that when I testified.

Mr. RAY. We did work awfully hard on that and felt a sense of accomplishment and believed that if we got 1 year's experience that we would be able to overcome that. We hope we can. We are going to try.

A couple of questions. You mentioned that the various branches of the services had pretty well agreed that this was the route that you should take, this presentation today.

Mr. KORB. There was disagreement within the building. One service strongly supports this position; one service is strongly against it and the others are sort of in between.

Mr. RAY. I was going to just ask that question. What do the commanders—do they agree with the definition in the majority or not in the majority?

Mr. KORB. The way it works is it comes up through the services and the service chief, or vice chief of staff, whoever is handling the issue, gives us an official position. As I say, one service strongly supports this particular position which we made before you and in many cases had to overrule some of their field commanders. One service disagrees with it; one service is sort of in between.

Mr. RAY. So, then, the next part of my question was, if it is not the commander's definition, then whose definition is it that——

Mr. KORB. It would be the service, yes.

Mr. RAY. All the joint chiefs and that kind of——

Mr. KORB. These would be the service chiefs, yes, sir, service secretaries.

CONTRACT PROBLEMS

Mr. RAY. Let me ask you another question. If we do contract out all of these base functions except the management levels, would this make the base or the depot rather vulnerable to strike? What would you say if all of the employees of the contractor decided they are going to strike?

Mr. KORB. Let me emphasize that we do it already. For example, there are 14 of the 17 Army ammunition plants are government-owned and contractor operated. To my knowledge, we have not had any problems.

In certain areas where we contract things out, like guards, for example, firefighters, we have contingency plans and we have been able to handle them. I would not for a minute sit here and tell you there is no risk in doing it.

If we had all the money in the world, we wouldn't do it, but we are trying to get the most defense for the dollars that we have, and in certain cases, this enables us to get a capability at less cost to the taxpayer.

Mr. RAY. I see. This is kind of a facetious question, but a few weeks ago, a base commander called me and said that he was just up to his ears with grievances from the union; that he had 700 grievances in just a short period of time, compared to a previous period of time of only 100. This is not an opportunity of just being worn out with that type of situation.

Mr. KORB. Lots of times—and I don't know the base you have—it involves Government unions.

Mr. RAY. That is what I am talking about.

Mr. KORB. But these would be government civilians, so that—even if we defined them in a sort of a wide definition that Congressman Nichols—you know, a wider definition than we have—you still have these union problems.

Mr. RAY. I see.

Thank you, Mr. Chairman.

Mr. HUTTO. Thank you, Mr. Ray.

But with the governmental union, there is a stipulation no strike.

Mr. KORB. That is correct, but you still have the grievances and still the work rules and the consultations.

Mr. HUTTO. Mr. Secretary, you mentioned the ammunition depots a number of times, but I believe, though, most of these have been—they have been contracted out for many, many years, haven't they? Are there other types of facilities that you have contracted out other than the ammunition?

Mr. KORB. We do. I would have to supply that for the record, but I mean—the point—the reason I use that example is, as you pointed out, it has been done a long time; we haven't had any problems and certainly nothing is more vital to warfighting and to mobilization than ammunition.

Mr. HUTTO. Do they—I confess that I don't know that much about our ammunition depots. They do not normally work as many people as, say, another kind of repair facility or something like that, do they?

Mr. KORB. I would have to furnish that for the record. Probably not. The repair facilities probably would have more people.

Mr. HUTTO. OK. One thing that I know that you are concerned about, and we are, too, is that action that you mentioned on the other side, but if I might speculate, I just don't believe that is going to happen. We are not going to cut 100,000 civilians and I am sure that this committee is not going to agree to that.

Mr. KORB. But, Mr. Chairman, even if we don't cut, if we can't get the additional people because, remember, our workload is increasing. I mean, the force structure is growing and it has been very hard for us to get increases in people the last couple of years.

Mr. HUTTO. Well, it is my understanding that what the Senator tried to do in getting the cut of 100,000 was to decrease expenditures. Even if you contract out, you are going to have to pay a lot of money——

Mr. KORB. All other things being equal, you usually save about 29 percent on the average.

Mr. HUTTO. Well, we have heard those figures, but I don't think it has ever been proven. I don't know of that. In fact, that was one of my questions because I know that Secretary Taft indicated that

A-76 competitions save 29 percent of the cost of doing business without harming mission execution.

Mr. WHITEHURST. Would the gentleman yield?

Mr. HUTTO. Yes, I would be happy to yield.

Mr. WHITEHURST. You know, I agree with the chairman on this, Mr. Secretary, I really do. I will take something very simple. The Nation's defense is not going to rise or fall on janitorial services on our military bases, but it is the incompetence of some of these people that just drives you up the wall.

We had a situation at the Little Creek Amphibious Base in my district about 3 or 4 years ago. They hired this contractor and the contract was a Small Business set-aside. This fellow got in there and he just didn't do the job. Well, if they are your own personnel, either they do the job or you put them out the gate. It works wonders when you have that kind of a policy.

But these people, we couldn't do that, and I said, couldn't you get them for nonperformance? He said, we finally got them for nonperformance. It went to the SBA and took all of this rigamarole to finally get rid of them. Meanwhile, of course, the janitorial service has gone to hell in a handbasket.

Then the Navy rebid the contract and guess who got it back?

Mr. KORB. The Government?

Mr. WHITEHURST. No, the same outfit that did before. It is just so aggravating and I guess any of us who are sitting in this room and who have had these jobs for any length of time, have had a real bad experience now and then. That is why all of us who are sitting here are kind of soured on this.

So when you say, or quoting someone saying that we save 29 percent, you may, but what are you getting for it? I have to question it, I really do.

Thank you for yielding.

Mr. KORB. On that, I would like to say that we have problems—no doubt that, you know, you have problems and there are some bad contracts, like in anything else. People make mistakes. I am talking about an average. Some work very well. Some don't work so well.

We understand that we have problems. The way to deal with it is to make sure that before you let the contract, all of these things are taken care of in advance and you have nonperformance clauses involved. Yes, we know about bad examples. I can give you lots of bad examples. I can give you very many good examples. I would like to furnish this committee, if I could, the analysis on which we based the fact of these savings.

Mr. WHITEHURST. I think it would be very helpful.

Thank you, Mr. Chairman, I yield back.

[The following information was received for the record:]

Once we determine that an activity is not governmental or not required to be retained in-house for national defense reasons, we announce our intention to conduct an A-76 study of the activity to Congress. In order to complete the study and cost comparison, four major actions must be accomplished. The first is to develop a performance work statement describing in detail the required work and the standards for performance of the work. Next a management study of the existing government organization must be conducted to determine the most efficient in-house organization to perform the work. Once this is completed the in-house cost estimate can be prepared based on the most efficient organization. This in-house cost estimate can

then be compared with bids or cost proposals received from private sector companies for the work.

Our data base for this program contains information on the workyears and dollars associated with each competition beginning with the baseline in-house workyears as we start the study and ending with the government's cost estimate and the tentative contract awardee's bid or cost proposal. We utilize this data to calculate the overall savings to the government whether the competition is won by the in-house work force or by contractor.

We have conducted slightly over 1,000 competitions to date and the data shows that the in-house work force streamlines itself, on average, 17 percent. The average contractor bid is 22 percent less than the original cost, and, by selecting winners from both in-house and contractors, we save 29 percent from the original cost. Over $410 million dollars in annual savings has been freed for reallocation to other pressing defense needs while still providing for the services our commanders want.

The General Accounting Office, the DoD Inspector General, and the Services' Audit Agencies have conducted numerous audits of the program and generally have concluded that the savings we projected are being realized.

Finally, we reported to Congress last year on an analysis of 235 A-76 contracts awarded during FY 1981 and FY 1982. The analysis showed that the overall savings resulting from the competitive process were approximately 30 percent after one or two years of contract performance.

Mr. HUTTO. Thank you, Mr. Whitehurst.

Mr. Secretary, Mr. Nichols stated that we have had a good working relationship with you and the Defense Department for a long, long time, and we hope that we can continue that. I know that—I believe that your position, and I know that of many in the Department of Defense has been for a long time that we need to do away with these civilian personnel ceilings and so we agreed to do that.

I think all of us feel that management can work much better if they don't have those kinds of restrictions and can do a better job and save more money. So we are hopeful of continuing some kind of relationship like that. What is your assessment of that in the job being done as is now in most facilities by dedicated Government employees when the management can have the tools to get the job done?

Mr. KORB. I think, and I have defended our Government civilians before Congressman Brooks' committee, and I think they do a wonderful job. I think that our contractor personnel do a wonderful job. They are all dedicated, patriotic Americans and I have seen places—for example, I was just out to dedicate a family services center at the Bangor sub base in Washington, the State of Washington, and it is all contracted out and the morale there is incredibly high. I was just terribly impressed with the way that base operates. They don't have any of the problems that Congressman Whitehurst was talking about.

I have seen some of the horror stories. I think that the civilians who work for the Government are some of the finest people that we have. I am constantly going out and telling politicians from both branches of the Government to stop making speeches about the Government bureaucrats and I don't like to see that. I have the highest regard.

What we are talking about here is how, in fact, we are going to get the best deal for the taxpayer in the future without hurting readiness.

Mr. HUTTO. Mr. Nichols, I think you are due again.

Mr. NICHOLS. I have made my case the best I can. I imagine the Secretary and I will talk about it a little outside the room sometime, I hope.

Mr. HUTTO. I rather enjoyed the other conversation. I thought you might continue. [Laughter.]

Thank you, sir.

Mr. Ray, do you have any further questions?

Mr. RAY. No, Mr. Chairman.

Mr. HUTTO. Mr. Secretary, we probably will have some more questions that we would like to present to you that you could respond to for the record.

Mr. Kasich, do you have some questions for Secretary Korb?

Mr. KASICH. I have the same concern that my colleague, Mr. Nichols, has about a report that comes back that doesn't reflect clearly what the intent of the Congress is and I share Mr. Nichols' concern about the problem of the core—what our feelings are about core responsibilities.

I just wanted to express my displeasure with the Pentagon not coming back and doing or meeting the requirements of something that Mr. Nichols clearly passed through the Congress as a directive by the Congress to the Pentagon and I am sure that Mr. Nichols, in his inimitable way, expressed his displeasure and I would like to do that same thing.

I would like to know why this happened, but you have probably already been through that, Earl, right? I want you to know that—Mr. Chairman, if I could just make one last, final statement here—

Mr. HUTTO. Sure.

Mr. KASICH. That is, we make a lot of requests out of these subcommittees. I probably made 10 requests since we have been sitting in this subcommittee. Do you know how many I ever see from the Pentagon? I never see any of them. I don't know where they submit it—as Dr. West knows, we were just talking about this with the Navy and the migration of material. They were supposed to get answers on that. I asked the Navy for some information about how many cooks get put out in the front lines to be fighters over the issue that Senator Rudman raised.

I asked for these studies. I asked for these requests. We never get them. We never see them. I would like to get these things.

Mr. Chairman, I asked if the Pentagon could give us the rules and regulations that we need in order to facilitate the closing of bases. That request was made 2, 2½, 3 weeks ago. I have never had anybody even breathe a word of what we needed to do in that area and I think this is illustrative of it.

Mr. NICHOLS. Mr. Chairman, would the gentleman yield?

Mr. HUTTO. Mr. Kasich, would you yield to Mr. Nichols?

Mr. KASICH. Yes, I give up my time.

Mr. NICHOLS. The gentleman from Ohio is a very freshman member of this august body and he is a very valuable member of my subcommittee and I am sure he is a very valuable member of your subcommittee, but I would remind him that requests such as how many cooks are serving on the front line take a little time to prepare in the Pentagon. Bear with them; they generally get my answers back to me. It just takes a little time.

Mr. HUTTO. One thing, it is possible that some of your responses may be going to the committee; however, that should have been relayed to you.

Mr. KORB. The specific request which you asked for has been submitted for the record in terms of the hearing. The hearings go from here, they go back over, we put them in the record; and then they come back over. If you ask for a formal report, which—since you gave me the opportunity, I would like to make a comment.

Last year, we were asked for—the Department of Defense—for 900 reports. We were also cut in the Office of the Secretary of Defense, which has to prepare these reports—we had our manpower cut. We now have two people for every report——

Mr. HUTTO. Do you contract any of it out? [Laughter.]

Mr. KORB. Well, I think we are going to have to if we——

Mr. WHITEHURST. Mr. Chairman.

Mr. HUTTO. Mr. Whitehurst.

Mr. WHITEHURST. This may be the last question. It certainly deserves to be in that category.

We may have done this afternoon what the late Congressman—rest his soul—Larry McDonald used to call as "waltzing with a witness." Maybe I should ask you this after we have gone off the record and we are winding up and walking out the door. What kind of message are you going to take back to the Pentagon following this or are you going to take any back at all?

Mr. KORB. Oh, I will take a message back, and I think it is that there is a fundamental disagreement over, in fact, whether core logistics ought to extend below the management level.

Mr. WHITEHURST. Will we just agree to disagree or will something flow from that?

Mr. KORB. Well, again, I think what we are talking about is you have the power to say that you would like more or you have the power to tell us until we do that, not to contract anything—I mean, there are things that you can do which, in fact, have been done in the past.

As I say, I think what we have here is a disagreement between what is core logistics, not a failure to implement the will of the Congress, and that is obviously what this is all about. We are supposed to air these disagreements as to what is particularly a core logistics activity.

But I am sure that I will be on Congressman Nichols' calendar very soon and we will be discussing these things to see where we go from here.

Mr. WHITEHURST. They sent the best soldier. You are a little bit bloody, but you are not bowed and I congratulate you, Mr. Secretary.

Mr. NICHOLS. Mr. Chairman, if I—if the chairman would yield——

Mr. HUTTO. Mr. Nichols.

Mr. NICHOLS. I deleted some expletives [laughter] from the testimony, including one little story that Mendel Rivers, God rest his soul, used to always to say, that the dog that brings a bone over can take one back with him. I didn't want to cast you in the canine family in any way. [Laughter.]

I hope the message you will take back, from my standpoint, and I think it is the sentiments that have been expressed time and time again here this morning that you just have not complied with the specific directions contained in that conference report. That is the bottom line as I see it. I don't think that what we have asked for was unreasonable.

Thank you, Mr. Chairman.

Mr. HUTTO. Would it be fair, Mr. Nichols, to say to the Secretary that we wish you would reread that and then act accordingly?

Mr. NICHOLS. I have faith in the Secretary, Mr. Chairman.

Mr. HUTTO. I think we all do and we appreciate, although we have had some fun here, it is serious, and I think you know the feeling of the subcommittee on the issue.

We thank you, as always, for being here and being a good witness. Thank you very much, Mr. Secretary.

Mr. KORB. A pleasure.

[The following questions were submitted to the witness to be answered for the record:]

COMMERCIAL-INDUSTRIAL BASE

Question. The second paragraph of cover letter for report on core logistics functions relates to the Department of Defense policy regarding in-house capabilities versus commercial facilities to perform depot level logistical support. Since Section 307 never addressed this issue and is only concerned with functions performed by in-house personnel at government owned facilities, why is the paragraph associated with this report?

Answer. It is essential for the National Defense for DoD to maintain a logistics capability in order to ensure effective and timely response to a moblization or other national emergencies. We need both government and commercial facilities to meet those needs.

A-76 PROGRAM

Question. Secretary Taft indicates that he remains committed to the A-76 program where it makes sense. When doesn't it make sense? How does the contracting out of mission function at core logistics facilities make sense?

Answer. It would not make sense when it would harm our readiness or sustainability. It would make sense if you find that you can get the same amount and quality of work done for less cost to the taxpayer without impacting on readiness or hurting your mobilization capability.

Question. In his cover letter, Secretary Taft indicates that A-76 competitions save 29 percent of the cost of doing business without harming mission execution. Do you mean to say that we can expect to save 29 percent on Navy nuclear submarine overhauls as the result of an A-76 review? Do you mean to say that we would consider contracting out that kind of function at Norfolk Navy Shipyard?

Answer. We have no current plans to do any large scale A-76 studies at our depots or shipyards. The Services will be able to choose when, where, and how many studies they do at these activities and will notify Congress of each intended study. The Navy might consider A-76 studies of selected support services and discrete subactivities such as: electropolating services, battery services, locksmith services, and similar types of services. In depot workloading, competition has proven to be an effective tool to determine where work will be done at least cost if national defense considerations don't dictate otherwise. A-76 competitions have saved us 29 percent of the original cost on average for the slightly over 1,000 competitions conducted to date. It is clear that competition serves as a healthy incentive to keep costs down. We could not, however, confidently predict that past average A-76 savings of 29 percent could be achieved on every future A-76 competition.

WORK FORCE

Question. According to Secretary Taft's letter, core logistics only applies to the physical plant, equipment, and management at the depots, rework facilities, arse-

nals, shipyards, and logistics sites listed in the reports. That categorization runs counter to everything we have ever heard on the subject, let alone common sense. How can DOD say that the most valuable asset at those facilities is not the trained and dedicated government employees who provide the in-house capabilities that would be critical in a national emergency or mobilization? How can DOD maintain that these skilled workers are not core logistics assets?

Answer. I do value our government employees, they do a wonderful job and are loyal, patriotic citizens. But contractors employ the same citizens we do. Their loyalty and patriotism, especially in the event of a mobilization, are also dependable national assets. Contract personnel have served us ably, even overseas, and in hostile areas. There is absolutely no reason to think they wouldn't do so again if events dictated that necessity.

REPORT ON CHANGES IN CORE LOGISTICS

Question. In his cover letter, Secretary Taft indicated he would report to this committee if there were fundamental changes in core logistics. What kind of changes are we talking about and how would this process work?

Answer. There are two possible types of fundamental changes. In the future we may determine that an activity that is not currently on the list needs to be added to it or that an activity that is on list can be removed from it. We will report these decisions to the Committees on Armed Services as required by Section 307 of Public Law 98-525.

PROVIDE LIST OF FUNCTIONS

Question. For the record, provide the subcommittee with a list of functions performed at each one of the depots, arsenals and logistics sites contained in the report? In addition, designate which functions are being currently performed by government personnel, those performed by contractor personnel, and those under A-76 review.

Answer. The comprehensive list of functions requested is not readily available. We would have to task each activity listed to provide us this information.

NAVAL MATERIAL COMMAND CORE LOGISTICS STUDY

Question. Mr. Secretary, are you familiar with the core logistics study done by the Naval Material Command, and if you are, could you tell us briefly what that study found or reported. Can you provide the subcommittee with a copy of that study?

Answer. The study you refer to is an internal Navy document that I am not familiar with. The information requested follows.

A-76 EXEMPTIONS

Question. Mr. Secretary, are there any areas of core logistics which you feel should be exempt from the provisions of OMB Circular A-76?

Answer. At core logistics activities, only the management personnel have been specifically exempted from OMB Circular A-76 study.

Mr. HUTTO. The subcommittee stands adjourned pending a call of the Chair.

[Whereupon, at 2:50 p.m., the subcommittee was adjourned, to reconvene subject to the call of the Chair.]

ENVIRONMENTAL RESTORATION

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, DC, Thursday, April 4, 1985.

The subcommittee met, pursuant to call, at 10 a.m., in room 2337, Rayburn House Office Building, Hon. Richard Ray (acting chairman of the subcommittee) presiding.

STATEMENT OF HON. RICHARD RAY, A REPRESENTATIVE FROM GEORGIA

Mr. RAY. Good morning. The subcommittee will come to order.

Chairman Daniel is involved in another committee hearing today where he is a crucial person in a particular vote that might take place today. So, he has asked me to serve as chairman.

Today the subcommittee continues its consideration of the fiscal year 1986 Defense operation and maintenance request. This morning will be the first of a two-part hearing on the Department of Defense Environmental Restoration Program. I think it is fair to say that few DOD programs have come so fast or have generated as much interest as this one; 3 years ago we did not have a separate environmental restoration program, and this year we are looking at a total O&M funding request of $329 million for this purpose. The problems of toxic waste cleanup are extremely complex and their long-term implications only partially understood. The bottom line is that we have a lot to learn about environmental problems at DOD installations and how to go about correcting them in the most effective fashion.

In that regard, we are indeed fortunate to be able to hear from several of our distinguished colleagues from the House of Representatives. Each of these Members has been at the forefront of congressional efforts to clean up the environment with special emphasis upon toxic waste cleanup efforts at DOD installations. We look forward to their testimony and counsel as we consider how to effectively support and coordinate DOD environmental restoration efforts. Later this month, we will receive testimony from DOD witnesses regarding the status of the Environmental Restoration Program and the projected cleanup efforts in the current 5-year Defense plan.

I know I speak for Chairman Daniel and the other members of the subcommittee when I say that we are very encouraged by the increasing emphasis that DOD is placing on dealing with the complex environmental challenges of today. The Department appears to have overcome several problems from past years and seems to be

making good progress. The internal DOD establishment of an environmental policy division to coordinate its efforts in that area is certainly a significant step in the right direction. The cooperative relationship established with the Environmental Protection Agency is also a very noteworthy step. And the joint DOD/EPA Chesapeake Bay initiative is living proof, so to speak, that these areas I just mentioned are doing what they are supposed to do.

Despite the fact that we seem to be on the right track and even appear to be making progress, a lot remains to be done. I suspect that as time goes by we will discover that the environmental restoration problems we must deal with are going to be very, very complex and expensive.

Suffice it to say that we are aware of the significance of the DOD environmental program, are aware that it will require careful review and adequate support in the O&M account, and intend to work closely with our colleagues on the Military Construction and Research and Development Subcommittees to support cleanup efforts in the most effective fashion.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, READINESS SUBCOMMITTEE

At this time, Mr. Whitehurst, I would like to turn over the rostrum to you, sir.

Mr. WHITEHURST. Thank you very much, Mr. Chairman. As you have indicated, the subject of this morning's hearing is one which concerns each of us. A clean and healthy environment is a goal which no one will argue against.

All of us to some extent or another have been, and maybe even still are, contributors to environmental pollution. In large part the worst actions of our past have been through our ignorance and not because of some deliberate effort to destroy or damage this wonderful land we live in. The Department of Defense is no different from the rest of us in that regard. The significant thing is that DOD, just like the rest of us, has also recognized the importance of stopping environmental pollution and restoring our environment to the best, reasonable condition possible.

It is very encouraging to see the Defense Department assuming an aggressive role in dealing with its environmental problems. I think the Department is to be commended for recognizing the situation and for putting the wheels in motion to deal with the issues. How fast those wheels turn and how thoroughly they track is a better description of the subcommittee's concern at this point.

The funding of a DOD Environmental Restoration Program is certainly an important concern. That program is among the many vital operations and maintenance programs which this subcommittee will review and make recommendations on when we study the portion of the Defense budget over which we have cognizance.

I know my colleagues who are here today as witnesses are only too keenly aware of the difficult Defense budget decisions the Congress must make. I look forward to their testimony and hope that their information will be of assistance in making our subcommittee decisions and recommendations.

Thank you, Mr. Chairman.

Mr. RAY. Thank you, Congressman Whitehurst.

Our first witness this morning is Congressman Robert Matsui, from California. Congressman Matsui, we are glad to have you with us this morning and look forward to your testimony.

STATEMENT OF HON. ROBERT T. MATSUI, A REPRESENTATIVE FROM CALIFORNIA

Mr. MATSUI. Thank you.

Mr. Chairman, I would like to thank the committee for holding these hearings this morning. I understand very well the stress on the committee's schedule in the month of April and I appreciate equally well your sticking with these hearings while other members are leaving for Easter. That says more than words can about the priority this committee places on the issue before us today.

TOXIC WASTE HEALTH HAZARDS

I have been very deeply involved in trying to help solve the problems of toxic wastes at the military bases and other sites in the Sacramento area. The most difficult of those has been the elimination of health hazards caused by the innocent dumping of chemicals over several generations. As a member of the Interstate and Foreign Commerce Committee in 1979 and 1980, I had a hand in writing the Comprehensive Environmental Response, Compensation and Liability Act, more commonly known, of misknown, as Superfund. So I had some knowledge to bring to the local problem in my community.

It is unfortunate that the committee is not able to come to Sacramento at this time. Our area presents an instructive microcosm of the way the problem is dealt with by the different branches of the military, by different parts of the same service and at large, private industrial facilities. The framework and contrasts provide an excellent perspective.

I would like to briefly set the scene in Sacramento. The metropolitan area sits between the Sacramento River and the foothills of the Sierras in the Sacramento-San Joaquin Valley. Water is the major element in the history of our State, a fact which is little understood by people, like most members of Congress, who come from areas which receive more than 40 inches of rain every year. If such a thing is possible, the terror generated by a Love Canal is magnified in California where every drop of water is precious and irreplaceable.

There are three military bases in our area: McClellan Air Force Base, an Air Logistics Center with over 18,000 civilian and military personnel which is the largest industrial complex in northern California; the Sacramento Army Depot, which is smaller than McClellan but also does depot-level repair and maintenance work; and Mather Air Force Base, which is a navigator training base with a SAC tennant wing. Each of the bases generates toxic chemical wastes. There are also several private facilities which are on the EPA's priority site list, the largest and most complex of them being Aerojet General Corp.

Because of the size and function of McClellan, and because of the severity and complexity of State laws in California, McClellan has been pushed into the vanguard of toxic pollution cleanup by the Air Force. The idea is probably a sound one that "if you can fix the problem at McClellan, you can fix it anywhere." In fact, as my staff and I have looked at the progress of cleanup programs at other bases, we frequently find that others have learned from McClellan's experience. But it also means that whatever mistakes will be made, are likely to be made at McClellan first; that has caused us no small amount of agony.

The committee is probably already familiar with the Defense Department's Installation Restoration Program for eliminating hazardous wastes which are already in the environment in four phases: investigation, scientific verification, development of technology and actual cleanup. Because so many different things have been dumped at so many places on the McClellan property, all phases are in progress simultaneously.

Much of the success so far at McClellan is due to the aggressiveness of its vice commander, Brig. Gen. Trevor Hammond, who took personal control of solving the toxic problem at the base. While I find much to commend in an individual who is clearly devoted to this issue and who has zero tolerance for foot dragging, I have observed that the situation is personality dependent. When Brigadier General Hammond, and his commander, Maj. Gen. Dewey Lowe, leave McClellan, we have no guarantee that this emphasis will not be lost. That is but one of the many lessons we have learned.

From Mather Air Force Base and the Sacramento Army Depot we have learned other lessons: that cleaning up toxic wastes is not such a high priority throughout the Defense Department and that the services handle the problem in much different ways.

I have read the statement given by the DOD witness at earlier hearings. It paints a rather rosy picture of a tight, monolithic program which is working consistently well. What I read bears little resemblance to what I have seen in the field. I believe that the officials at our other two bases are sincere about pursuing cleanup aggressively. But they have had some difficulties in securing the necessary resources and clearances, much more difficulty than is being encountered at the base across town. The reason is that DOD takes the money and responsibility from Congress and ships them both downstream to the services with little instruction, emphasis or followup. The Air Force further passes the buck and the bucks down to the different commands. The Logistics Command, which owns McClellan, is made up of down-to-earth folks who give more attention to ground water contamination than do the people at the Air Training Command, which owns Mather. The Army doesn't break the responsibility down to the functional commands but splits it up between different staff offices.

While the Army Depot is made up of logisticians like McClellan and has many civilian employees who plan to stay in the community, they are obstructed because many different components of the Army must approve every step taken in the cleanup. In almost all cases, responsibility is diffused and not visible, a situation which tends to promote inaction.

This is not to suggest that there should be Deputy Secretary and Plenipotentiary of Defense with a large bureaucracy to execute the cleanup of every base. I think we are familiar enough with the results of massive consolidations to central managers and planners. Nor do I think that the EPA should be put in charge of aspects of the physical plants of military bases. If anything, we have found that there are already more than enough cooks in the kitchen, as I will explain in a minute. What we do need is a strong and inescapable message to go from Congress and down the chain of command in the Defense Department that this is indeed a high priority along with a commitment to seek and provide enough money as the more expensive phases of cleanup are reached.

From the local contrast with Aerojet we learned, as should be no surprise, that private enterprise can sometimes be more quickly responsive than a large government agency. Aerojet has been at this problem not much longer than the military bases. But for 2 years, they have had impressive cleanup facilities in operation which to date have cost more than $23 million. I have heard estimates of ultimate cost of two to six times that amount.

The existing barrier ponds, extraction well-filtration plant-reinsertion well arrangements are very tangible proof of action and commitment. Such proof is much less evident at the community's military bases. The visible contrast contributes to the impatience in Sacramento.

We have also learned some things from dealing with other Government agencies and, of all things, with politicians. It is the common perception among those seeking Government permits to build something, that the environmental agencies drag their feet on granting permits because of a bias against development. We found that these agencies are no more hasty about permits for actions to clean the environment. In California, there are myriad agencies, at all levels of government with overlapping jurisdictions, uncoordinated, and even contradictory, mandates. We found that dealing with these agencies through formal channels and in sequence was the single greatest cause of delay in the cleanup process.

In order to foster communication and cooperation between agencies, we set up a task force for the policy and technical officials. It has been a major success in involving the different agencies from step one in the procedures at McClellan. It proved that some informal, ad hoc initiatives can be more effective than statutes, regulations and other more formal actions and that sometimes all it takes to get a job done is to remove the obstacles.

The second lesson of the task force was that candor cannot survive in a fishbowl. Initially our intention was to include only the agency decision makers and no elected officials. This proved to be impossible. That flaw recently led to the task force's meetings being opened to the public, by pressure from many of the public and also by many of the elected officials.

I fear that the future of the group's sessions will be characterized by extreme caution by some members and grandstanding by others. I do, however, remain hopeful that the accelerated results can be achieved through some means or another, and that similar arrangements can be established wherever they are needed.

Most recently we have begun to run into the funding problem at McClellan, where they are confronting a small seasonal window for installing 2.5 million dollars' worth of extraction wells and filters. This is really getting into the fourth stage of the IRP in a serious way. It had been suggested that some very cumbersome and slow funding routes might have to be pursued. We were very pleased when Air Force officials looked closely at the law and determined that the hard route was not necessary. The committee might wish not only to concur, but to encourage the Defense Department to pursue the most expeditious funding routes for the Defense Environmental Restoration Account which are consistent with sound accountability safeguards.

An additional suggestion has also been brought to my attention which involves the special treatment developed b Chairman Daniel for handling the acquisition of AWACS by NA D. I understand that that situation was unique in many ways and did not fit neatly into any of the standard procurement, military construction or operations and maintenance budget categories. With a program which will cost much more than NATO AWACS, I would pass along the suggestion that a similarly unique treatment for funding toxic cleanup may contribute to solving the problem.

CLEANUP COSTS

The other part of the funding problem is the amount of money available. Last year the Appropriations Committee funded the full level requested by the administration for the Defense Environmental Restoration Account, after the Armed Services Committee had cut the authorization level. I understand that the timing of events put the Armed Services Committee in a temporary and unavoidable information gap resulting in the different numbers. I would offer that if such questions arise in the future, the committee may want to opt for the higher estimates.

It has been the experience of EPA and private industry at a comparable stage in pursuit of cleanups that their estimates of final costs have been off by a factor of three. Secretary Schafer's estimate before the Appropriations and Public Works Committees was $5 to $10 billion over 10 years. It might be prudent to anticipate a much higher number and provide for it. This is one way in which the Armed Services Committee would maintain the lead on this issue and insure the high priority in the Pentagon which is necessary.

I have been told that the response from the Pentagon about more money for the DERA is what they can't spend it any faster. While there certainly are limits to what can be spent usefully in a given time and the problem is not one which will go away simply by throwing money at it, what I have seen in the field leads me to conclude that that response is one part of a catch-22: "We can't go faster because we don't have the money; we don't want the money because we can't go faster."

The other half of that catch-22 is attitude. All the way up and down the chain of command in the Air Force, the emphasis is spotty. The orders of three and four generals are often being given

the barest minimum of attention because the general climate is, "if it's not buying, fixing, or flying fighters, I'm not interested."

Another indication of the priority given to this issue in the Pentagon is the rank of the witnesses you will hear later. So far this year, this issue has been the subject of hearings in two House committees, neither of which authorizes or appropriates one nickel for this program. This morning, your subcommittee is the first with real jurisdiction to call witnesses to testify. If the Air Force sends a general or civilian of equivalent status who can answer questions or make commitments about what the Air Force is doing or will do, we will know that they are serious. With such rank, the witness will be able to carry back to the Air Force a message with strength.

I can understand that no one in the military is going to expect to get any medals or awards or any of the other career enhancers for putting effort into cleaning up the environment. I tried nominating General Hammond for an environmental award in Sacramento, but that suggestion fell on deaf ears. Perhaps we should create some incentives in the Federal Government.

In conclusion, Mr. Chairman, I believe we have a challenge in front of us. By we, I mean your committee and all of us in Congress, people in all of the Federal agencies, and most particularly in the Pentagon. If we take, or permit, a cavalier attitude toward elimination from our environment of hazardous wastes which are generated at Federal facilities, most of which are current and former military bases, we will see the private sector getting further and further ahead, until the worst sites in the country belong to Uncle Sam. It has been a long painful road for our military services to recover both the funding and prestige which were ground down after the war in Vietnam. Those gains could quickly be eroded if the perception developed that all of the Love Canals and Times Beaches in the country have someone in a military uniform standing on them.

The principal obstacles in front of us will be attitude and funding. To insure that the attitude is aggressive, we need to be clear and forceful, and possibly even imaginative, about letting the Defense Department know that this program is a top priority. And we need to back that up with money and the tools needed to spend the money expeditiously.

I have encountered two possibilities for removing obstacles for rapid action. One is to encourage the Defense Department to define broadly everything that might be covered under the Defense Environmental Restoration Account. The other is for Congress to create a separate budget account similar to what was done for NATO AWACS. I am hopeful that whatever is needed can be accomplished in the context of this year's Defense authorization bill.

I again thank the committee chairman and members of the subcommittee and staff for being generous in giving me this opportunity to appear before you to share my local thoughts. Thank you very much for taking this issue up. It is a major one. Every citizen in this country should thank you and be grateful for the fact that you are interested in this issue.

Mr. RAY. Congressman, we appreciate your testimony, which was very thorough. I am sure the committee will benefit from it very greatly.

Mr. Whitehurst, do you have any questions?

Mr. WHITEHURST. One question. You indicate that Aerojet has done such a great job. I wonder if the problems at McClellan are similar, and if the Air Force could take a page out of Aerojet's book.

Mr. MATSUI. They are very similar, Mr. Whitehurst. We have found TCE at Aerojet. That is the number one problem. At McClellan we have found TCE, PCB, and a number of other chemicals. It is plainly because of the operations and maintenance functions that cleanup solvents were used at McClellan. Aerojet has the same kind of problem. So, they are very similar in the sense of the kind of toxic chemicals.

The reason there has been a differences of course in terms of approach is mainly because Aerojet, being a private corporation, is able to do things in a much quicker way, in dealing with the agencies in a much quicker way, whereas there was a lot of redtape at McClellan.

I have to say McClellan has done an excellent job, mainly because of an individual, General Hammond. He came on in 1981 or 1982 and took the bull by the horns. He met with the press and called the press down. He met with civilians and the public and called them down and said, we are going to handle this in a comprehensive way and really has shown leadership and made this a major issue at the base in terms of cleanup. But it was a personal matter.

Mr. WHITEHURST. I think we ought to take a leaf out of Aerojet's book to solve our own problems.

Mr. MATSUI. Yes.

Mr. RAY. Mr. Martin.

Mr. MARTIN. Thank you, Mr. Chairman.

I want to congratulate my colleague and friend for an outstanding statement. On page 4 of the prepared text there is a reference made to a task force which I assume is made up of folks within the community. I have found sometimes that works very well and sometimes it doesn't work so well. I wonder if you could expand a little bit on what happened here.

I infer from that this the task force—I assume that is made up of people in the local area—is not working so well.

Mr. MATSUI. Thank you for asking that question. I think it is one that really has to be discussed. I think in any community that has a military base, a task force would probably be a pretty good idea because I think all States and cities and counties are probably similar to California's experience.

We have State environmental health boards, a water quality board at the State level, also city and county governments with jurisdiction over McClellan Air Force Base, both in terms of land use and in terms of water quality. Then we have, of course, the Federal Government. And one of the problems that occurred very early, when General Hammond was attempting to clean the site up, or at least trying to find out the extent of the damage on the site, was that he could not get the proper information because each of the

agencies were reluctant to give information to anybody for fear that it would get in the press and that it could be misinterpreted.

As a result of that, there was a lot of negotiating around, jockeying around, but there was very little communication going on between the different agencies and the Federal Government. As a result of that, Congressman Vic Fazio and myself suggested a task force be set up among the three different branches or levels of Government, and it was set up.

It was closed. It was basically technicians from the various State, local and Federal Agencies. Unfortunately, what occurred was that local government, due to pressure from the public, felt they should be brought into the process. Now, they did have open meetings to set forth the substance of the discussions. So, they were not totally closed. The public was involved to a limited extent. But there was a sharing of information.

Of course, there is also the issue of liability, in terms of who might be responsible. So, they were able to share information without fear that this could be used in a court of law at some later time.

Well, unfortunately, because of the pressure from local politicians, these meetings are now open. And I am afraid that the free flow of information, the candor, the kind of discussion that had gone on over the last 2 years will be gone now, because it is just not possible for them to say, "Look, I think you made a mistake the other day," and the other fellow saying, "I think I did make a mistake, and I am willing to take a second look at it." There is always the possibility of lawsuits. There is the possibility of embarrassment.

I don't think that will go on. We lose, I think, as a result of opening these meetings up to the public a great resource information sharing process and communication process. I hope this won't set them back. But it could very well set them back in terms of their cleanup efforts.

Mr. MARTIN. It would be a tragedy. It is just the practical way the community or task force tries to deal with those things. It is not that they are trying to hide something from the public, but it only takes a few people to put a headline here, there or the other place, to make it impossible for you to do those sorts of things.

You mentioned testimony given before two subcommittees that didn't have the authority to authorize or appropriate money for this. I am wondering if perhaps my colleague would take it upon himself, if the testimony is given in front of those subcommittees, if that testimony could be sent over to us, so we are not reinventing the wheel.

Mr. MATSUI. Yes, we can do that. We would be happy to help provide that.[1]

Mr. MARTIN. OK. Thank you very much, Mr. Chairman.

Mr. RAY. Congressman Darden.

Mr. DARDEN. Thank you for being here, Congressman. I have no questions.

Mr. RAY. Dr. West, do you have a question?

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[1] Incorporated as part of testimony by Dr. Carl J. Schafer, Jr., Director, Environmental Policy, Office of the Secretary of Defense on Apr. 18, 1985.

Mr. Eastman?

We sure do thank you for coming this morning and appreciate your testimony.

Mr. MATSUI. Thank you very much, Mr. Chairman and members of the committee.

Mr. RAY. Our next witness is Congressman Vic Fazio from California. Welcome, Congressman Fazio.

STATEMENT OF HON. VIC FAZIO, A REPRESENTATIVE FROM CALIFORNIA

Mr. FAZIO. Thank you very much, Mr. Chairman and other members of the committee.

I want to second my colleague Bob Matsui's expression of thanks and appreciation to you all for delaying your departure for the Easter break and staying on schedule, which I know is not always easy, for a very significant hearing.

I think many Members of Congress share your interest in this topic because the problem you are addressing has impacted every State to one degree or another. Almost every military facility from Alaska—and I am certain eventually overseas—to Florida, from Maine to California.

I want to associate myself with my friend and colleague Bob Matsui's remarks. We have suffered through these problems in the Sacramento area together. I know many of you have had similar problems. I know Mr. Whitehurst in the Norfolk area is certainly very sensitive to this, and Mr. Ray certainly at Robbins. And I am sure if you have not already encountered these very serious local problems with national security implications, you will. They are the kinds of problems that cause a great deal of public anguish.

I might say, representing the area immediately surrounding McClellan Air Force Base, that it is not an easy task for any of us to worry both about the ongoing mission at the facility and the significant role that plays not only in the local economy in general but in the national defense, and at the same time be sufficiently sensitive to the anguish that people feel in their day-to-day use of water from wells that have been to some degree contaminated.

But I can tell you it is a very, very difficult matter to handle: the balance between the need for public input and information, and the need for the kind of secure environment that Mr. Matsui referred to, where you can actually get the job done. There has to be some way of working out a solution to that extent.

Mr. Chairman, I would like to submit my remarks for the record. But at this point, if I could, I would like to proceed through them and try to indicate some of the concerns that I have and some initiatives I am involved in.

Mr. RAY. Proceed, Congressman.

CHEMICAL CONTAMINATION OF WATER

Mr. FAZIO. As the subcommittee is no doubt aware, over the years, literally billions of gallons of dangerous chemicals have been disposed of at more than 4,000 sites at as many as 473 military bases. Leaks from many of these sites—the Pentagon currently estimates up to 800—have contaminated the soil and ground water

supplies in nearly every State in the Nation. Further, the Department of Defense estimates that the cleanup program, which once had a price tag of only $500 million, will now cost anywhere from $5 to $10 billion or more.

The Department has made significant strides in recent years, Mr. Chairman. Its latest cost estimate reflects a new willingness to take an aggressive and honest approach to the cleanup effort. In addition, it is aggressively seeking to strengthen the relationship between the Pentagon and EPA. The Department has expressed its support for placing the worst military toxic dumps on the EPA's National Priority List. It has also assigned a liaison officer to EPA for 10 years to facilitate communication between the two agencies. For its part, EPA is moving forward with plans to assign an EPA officer to the office of Mr. Carl Schafer, the Director of the Office of Environmental Policy in OSD.

Such steps are more than symbolic gestures. They reflect a welcome and long overdue commitment to openness and cooperation on the part of DOD.

Nonetheless, Mr. Chairman, I am certain that we would all agree that no measures should be left undone that would speed the cleanup. After all, a toxic dump on a military facility is no less a threat to the public health and environment than a toxic dump on private land. The fences and barbed wire that surround our military bases provide no protection to the public from leaks of toxics into the land, air, and water. Both should be treated with the same degree of care and supervision, and both should be cleaned up as quickly and efficiently as possible.

Toward that end, Mr. Chairman, yesterday I introduced a bill that I believe will significantly strengthen the existing Environmental Restoration Program. The bill does not create any new, needless bureaucratic hurdles for DOD. The bill simply restores EPA oversight and then restructures the program to create the most streamlined, functional cleanup operation possible.

DEFENSE ENVIRONMENTAL RESTORATION ACT

My bill, the Defense Environmental Restoration Act of 1985, DERA, has three main goals.

First, it authorizes the cleanup program for a full 5 years to correspond with the authorization of the civilian superfund program.

The existing ERP, first established in fiscal 1984, is operating only on an annual basis. There are no legislative guarantees that this program will continue to operate year after year, much less until the cleanup is completed.

Mr. Chairman, in my view, we cannot afford to address this serious environmental and public health problem in this fashion. There should be no question about the congressional commitment to a program of this importance. My bill provides the kind of continuing support that is essential to ensure the success of our cleanup efforts.

Just as in the case of the cleanup of toxic dumps in the private sector, it will take years to clean up and contain the hundreds of DOD sites that will eventually need some cleanup work. The 5-year authorization provided in this bill is an appropriate beginning.

FUNDING OF CLEANUP

Second, the bill seeks to ensure that adequate funding for this essential cleanup work is available.

To accomplish this, the bill authorizes a number of funding mechanisms, including:

A basic account to finance the major elements of DERA, including the identification, investigation, and cleanup of contamination from hazardous substances as well as the correction of other environmental damage, such as the cleanup of unexploded ordnance material;

A separate emergency cleanup account to finance the cleanup of releases or threatened releases of any hazardous substance which may endanger the public health or the environment. Such an account will allow the Department to respond to any emergency spill and at the same time stay on schedule with the cleanup operations as presented to the Congress in its annual budget submission;

The use of regular operation and maintenance funds for cleanup efforts whenever the Secretary of Defense determines the use of such funds to be necessary and appropriate. This provision is important to provide the program with the optimum funding flexibility;

A research, development and demonstration program to focus on means of reducing quantities of hazardous waste generated by DOD as well as identifying more cost-effective cleanup technologies and methods of treating hazardous waste generated by DOD, including recycling and detoxifying;

We have a number of unique problems in DOD that are not as fully understood by other agencies. That is why we think a particular R&D demonstration effort in DOD makes a good deal of sense. I could cite chemical weapons and jet fuel as an example of our unique substances.

A provision granting the Secretary of Defense the authority to carry out a military construction project not otherwise authorized by law if the Secretary determines that the project is vital to protect the environment or the public health. The program would have a $30 million cap on the use of this authority each year, to protect against any potential abuses.

Third, my bill seeks to formalize DOD consultation with the EPA as well as the State and local regulatory agencies, and build in EPA oversight over certain important areas of the DOD cleanup operation. And this, I think, is a significant issue.

The need for this clarification was brought to my attention by the General Accounting Office which, at the request of Congressman Florio and myself, is conducting an investigation of the DOD cleanup program. In a draft of the GAO report, the agency pointed out that even though DOD policy provides for coordination with National, State, and local regulatory agencies, the military services have interpreted and implemented this policy differently.

The GAO concluded in its draft that "the level of coordination required under DOD policy is not sufficient to minimize problems with regulatory agencies, especially State agencies."

My bill addresses this problem in two ways. First, it mandates that DOD provide EPA and State and local regulatory agencies an

adequate opportunity to review and comment on each of the main phases of the clean program, from the identification of any possible contamination to the final, permanent cleanup phase.

TECHNICAL REVIEW COMMITTEES

Second, the bill requires the DOD, where possible and practical, to establish technical review committees at those facilities involved in the cleanup effort. The technical review committees would be made up of officials from DOD, EPA and State and local regulatory agencies, and they would be charged with reviewing DOD cleanup plans. Such committees or task forces have proven extremely helpful to ensure a coordinated cleanup program at Tinker and McClellan Air Force Bases. We believe they should be made a part of the regular cleanup process where possible.

I think you need to have a certain number of public hearings in each area to allow the committee to vent and to express its concerns and get input from experts. But I agree with Mr. Matsui's basic contention that to open up the working sessions of these meetings on a regular basis does inhibit the free flow of ideas and constructive dialog that really is required to get all of these people, some of whom have different perspectives and different standards that they are operating from, to be very honest and above board with each other.

But I do think it is particularly important that the military installations and the services represented fully understand the need to formally cooperate with all of the other entities that have a significant role to play in each of these communities.

The bill also addresses a related problem identified by GAO. The bill removes any doubt that EPA is the Nation's lead agency with respect to cleaning up the environment. Cleaning up toxics is not the military's prime mission. That's the EPA's prime responsibility, and as a result, when there is a dispute over the best way to protect the environment or the public health, the Defense Department must be prepared to defer to EPA's technical expertise and judgment. This is particularly the case at DOD sites which are on the National Priorities List, the list of the Nation's worst military toxic dumps.

NATIONAL SECURITY THREAT

There is one exception to the above. But it is a very important one. The exception is in the case where the secretary determines that EPA's cleanup plans would result in a threat to national security. When such an instance arises, when there is a national security conflict between DOD and EPA cleanup plans, then the President would be empowered to settle the dispute between the two agencies. This is an important provision of the bill, but one that I assume would be little utilized.

I might at this point touch on a problem that has occurred on the McChord Air Force Base in Washington State, where we have had a great deal of debate over who is responsible for offsite contamination over a 2-year span. This bill includes a provision for reimbursement so we can begin the cleanup without determining who is financially responsible. Then when the investigation is com-

plete and the source of the contamination is determined, we can reimburse the agency that may have made the expenditure inappropriately, if that occurs.

In other words, we need to have some resolution of the problem, and I think it is best to put it in the hands of one agency. But if some decision needs to be readjusted down the line as to who should pay the bulk or all of the cost, reimbursement mechanisms can ensure that no one will be out money inappropriately.

In conclusion, Mr. Chairman, I would like to just commend Mr. Schafer and his staff for their hard work and commitment to protecting the health and welfare of those who live near and work at our military installations. Mr. Schafer has provided the Department of Defense cleanup program strong and reasoned leadership, and I hope the subcommittee will continue to support the work of his office and the cleanup of the various branches of the service that are battling this very difficult problem.

Mr. Chairman, I want to thank you and the members of the subcommittee for holding this hearing. I would be pleased to answer any questions.

I simply would like in one further kudo to second the statement of my colleague, Mr. Matsui, in regard to the onsite personnel at McClellan Air Force Base who work in the same kind of spirit that Mr. Schafer has brought to DOD in recent months. They have done a very, very good job under very adverse circumstances at that facility.

SECTION BY SECTION ANALYSIS
DEFENSE ENVIRONMENTAL RESTORATION ACT OF 1985

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

** The Defense Environmental Restoration Act of 1985, DERA.

SECTION 2. COMPLIANCE BY DEFENSE DEPARTMENT WITH CERCLA.

** Requires DOD to comply with all "guidelines, rules, regulations, procedures, and criteria" under CERCLA in the same fashion as any private entity, including (1) preliminary assessments, (2) evaluations under the National Contingency Plan, (3) procedures for including a site on the National Priorities List, and (4) response actions.

** Imposes requirements identical to those above on lands formerly owned by DOD.

** Allows DOD to fulfill requirements of section 102 of the National Environmental Policy Act of 1969 by meeting the requirements of section 106 of CERCLA. Such authority is seen as expediting cleanup efforts by eliminating bureaucratic duplication. Both laws have similar public comment procedures and regulatory agency review and comment procedures.

SECTION 3. DOD ENVIRONMENTAL RESTORATION PROGRAM.

** Prohibits authorities vested in the Administrator of EPA and the President under CERCLA from being delegated to the Secretary of Defense except (1) where the Secretary is designated a trustee of natural resources and (2) where the Administrator of EPA determines such delegation to be a cost-effective method to implement his responsibilities and retains ultimate oversight and review of the functions delegated. The section specifically prohibits the Administrator of EPA from delegating the authority to approve a remedial action implemented at a site for which the Secretary of Defense has responsibility and which is listed on the National Priorities List, unless such action is an emergency removal.

** Establishes an office within the Office of the Secretary of Defense which shall have responsibility for carrying out DERA in consultation with EPA. Goals of the program include, but are not limited to, the identification, investigation, and cleanup of contamination from hazardous substances and wastes as well as the correction of other environmental damage, such as unexploded ordinance detection and disposal.

** Grants the basic responsibility for implementing DERA, with EPA oversight, in accordance with all CERCLA guidelines, to the Secretary of Defense for all releases of hazardous substances

from lands currently and formerly under the administrative jurisdiction of the Secretary of Defense as well as from vessels owned or bareboat chartered and operated by the Department of Defense.

** States that response actions carried out under DERA shall not be considered military construction if the new facility is not used for on-going operations. This provision will help expedite the cleanup process since it will streamline the congressional approval process.

** Requires DOD to pay all fees and charges imposed by State and local authorities for the purpose of storage of hazardous substances on DOD lands as well as all fees and charges resulting from an agreement between any State or locality over the sharing of the costs of cleaning up a hazardous site resulting from a DOD action.

** Grants the Secretary of DOD the authority to implement the administrative abatement authorities of section 106 of CERCLA. This provision will allow DOD to order off-base polluters to clean up any contamination that threatens the health of DOD personnel or DOD property. In addition, the bill allows the Secretary to directly petition the Attorney General to implement all other abatement authorities under section 106 of CERCLA, including the levying of fines if, for example, a private party fails to clean up a hazardous waste site as ordered by the Secretary. Such authority is seen as essential to enable DOD to force an off-base polluter to contain and clean up a site which is creating an imminent and substantial endangerment to the public health or environment.

** Authorizes the basic DERA cleanup account for five years.

** Allows the Secretary of Defense to "consider, compromise and settle any claim or demand" under CERCLA arising out of activities of the DOD. This provision allows the Secretary to settle claims in amounts of up to $25,000 without going to court. Currently, even if DOD knows it is at fault, it cannot negotiate a settlement to a case unless it is first sued. This provision would eliminate needless costs and delays.

** Authorizes, for four years, a separate emergency cleanup account to finance the cleanup of releases or threatened releases of any hazardous substance which may endanger the public health or environment. Cleanups financed by the emergency DERA account must be completed within 18 months and cost no more than $1 million. This provision is designed to give the Department the financial resources to respond to an emergency spill and at the same time stay on course with the cleanup operations scheduled in the Department's annual budget submission.

** Authorizes the use of operation and maintenance funds for cleanup efforts whenever the Secretary of Defense determines the use of such funds to be necessary and appropriate. This provision

is important to provide the program with the optimum funding flexibility. Currently, if regular O&M monies are used for cleanup work, the base commander must go through needless paperwork to reprogram ERP monies. This provision will eliminate that need and give the commanders the explicit authority to use these monies, when necessary, for cleanup operations.

SECTION 4. RESEARCH, DEVELOPMENT AND DEMONSTRATION PROGRAM.

** Authorizes, for five years, a separate research, development and demonstration program to focus on means of reducing quantities of hazardous waste generated by DOD, identifying more cost-effective cleanup technologies and methods of treating hazardous waste of the types and quantities generated by DOD, including recycling and detoxifying. One of the main hurdles to speeding the cleanup of hazardous substances is the lack of effective technologies to dispose of these substances. DOD uses enormous quantities of common industrial compounds -- TCE, for example -- as well as a whole host of exotic chemicals such as biochemical warfare agents and explosives. This program will allow the DOD to devote resources to research, development, and demonstration of innovative cleanup technologies to address these DOD-specific concerns.

SECTION 5. WIDELY USED HAZARDOUS SUBSTANCES.

** Requires DOD to provide the Agency of Toxic Substances and Disease Registry with a list of the 25 hazardous substances which are most widely used by DOD. In turn, the Agency for Toxic Substances and Disease Registry shall prepare toxicological profiles of each of the 25 substances within one year of the list being transmitted. In a preliminary draft of the General Accounting Office's report on DOD's cleanup program, the agency cited EPA's failure to set adequate cleanup standards for contaminants as a major problem slowing the cleanup of DOD toxic dumps. This provision requires EPA to perform risk assessment work on the most common DOD contaminants for which no federal standards have been set and thereby eliminate a major hurdle to DOD's cleanup program.

SECTION 6. NOTICE OF ENVIRONMENTAL RESTORATION ACTIVITIES.

** Requires the Department of Defense to promptly inform the EPA, state and local authorities of: (1) the discovery of releases or threatened releases of hazardous substances at DOD installations; (2) the extent of the threat to public health and the environment associated with the release or threatened release; (3) proposals made by the Secretary to carry out response actions; and, (4) the initiation of any response action.

** Requires DOD to give EPA and state and local authorities adequate opportunity for review and comment prior to undertaking any response action.

** Encourages DOD, where possible and practical, to set up Technical Review Committees to review and comment on DOD cleanup proposals outlined above. Such Committees would include at least one representative of DOD, EPA, and appropriate state and local authorities. Such committees or task forces have proven extremely helpful to ensuring a coordinated cleanup program at Tinker and McClellan Air Force Bases as well as at other facilities across the nation.

SECTION 7. PUBLIC PARTICIPATION.

** Before adoption of any plan for remedial action at a DOD site on the National Priorities List, this section requires the Secretary to: (1) publish a notice and brief analysis of the proposed plan and make such plan available to the public and (2) provide a reasonable opportunity for the submission of written and oral comments regarding the proposed plan. These public comment procedures are identical to those followed by EPA in coordinating the cleanup of private NPL sites.

SECTION 8. ANNUAL REPORT TO CONGRESS.

** Requires DOD to submit an annual report to the Congress on the department's progress in implementing the requirements of DERA and CERCLA. Such reports will ensure closer congressional oversight.

SECTION 9. IDENTIFICATION OF MILITARY CONSTRUCTION FUNDS FOR ENVIRONMENTAL RESTORATION PROJECTS.

** Requires the Secretary to provide the Congress detailed information on military construction projects requested in the budget as part of the capital defense environmental restoration activities.

** Requires separate authorization for each such project. These provisions will ensure that the ERP-related military construction projects receive appropriate attention from the appropriate congressional committees. Funding for the projects is often of some urgency, and therefore special attention is seen as beneficial.

SECTION 10. EMERGENCY CONSTRUCTION.

** Grants the Secretary of Defense the authority to carry out a military construction project not otherwise authorized by law if the Secretary determines that the project is vital to

protect the environment or the public health. No more than $30 million may be obligated in any fiscal year under this authority and all such amounts must be carried out within the total amount of funds appropriated for military construction which have not been obligated. This authority is similar to authority the Secretary has to release funds for a military construction project that is seen as essential for national security reasons. This provision expands that authority to allow the Secretary, when necessary, to fund a project essential to protect the public health or environment.

Defense Environmental Restoration Act of 1985
Co-Sponsors

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Sabo, Martin	Minn.	D

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99TH CONGRESS
1ST SESSION

H. R.

IN THE HOUSE OF REPRESENTATIVES

Mr. FAZIO introduced the following bill; which was referred to the Committee on

A BILL

To clarify certain responsibilities of the Department of Defense under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.--This Act may be cited as the ``Defense Environmental Restoration Act of 1985''.

(b) TABLE OF CONTENTS.--

Sec. 1. Short title and table of contents.
Sec. 2. Compliance by Defense Department with CERCLA.
Sec. 3. DOD Environmental Restoration Program.
Sec. 4. Research, development, and demonstration program.
Sec. 5. Widely used hazardous substances.
Sec. 6. Notice of environmental restoration activities.
Sec. 7. Public participation.
Sec. 8. Annual report to Congress.
Sec. 9. Identification of military construction funds for environmental restoration projects.
Sec. 10. Emergency construction for response actions.
Sec. 11. Definitions.

SEC. 2. COMPLIANCE BY DEFENSE DEPARTMENT WITH CERCLA.

(a) CERCLA RULES, ETC., APPLICABLE TO DOD.--Except as provided in subsection (b), all Federal guidelines, rules, regulations, procedures, and criteria other than internal operating procedures which are applicable to--

(1) preliminary assessments carried out under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (hereinafter in this Act referred to as CERCLA) for facilities at which any hazardous substance has been released,

(2) evaluations of such facilities under the National Contingency Plan,

(3) inclusion on the National Priorities List, or

(4) response actions at such facilities

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shall be applicable to facilities under the administrative jurisdiction of the Secretary of Defense in the same manner and to the same extent as such guidelines, rules, regulations, procedures, and criteria are applicable to facilities which are owned and operated by a nongovernmental entity. Such guidelines, rules, regulations, procedures, and criteria shall also be applicable to response actions carried out by the Secretary of Defense at facilities which were, but are no longer, under the administrative jurisdiction of the Secretary.

(b) EXCEPTION OF FINANCIAL RESPONSIBILITY REQUIREMENTS.--No requirement in effect under CERCLA or other laws regarding bonding, insurance, or financial responsibility for hazardous substances shall be applicable to the Secretary of Defense.

(c) COMPLIANCE WITH NATIONAL ENVIRONMENTAL POLICY ACT.--Removal or remedial actions selected or taken pursuant to this section or secured under section 106 of CERCLA constitute fulfillment of the requirements of section 102 of the National Environmental Policy Act of 1969 (Public Law 91-190, 83 Stat. 852).

SEC. 3. DOD ENVIRONMENTAL RESTORATION PROGRAM.

(a) AUTHORITIES UNDER CERCLA.--

(1) DELEGATION.--Except as provided in paragraphs (2), (3), and (4) of this subsection, no authority for

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response action vested in the President, or in the Administrator of the Environmental Protection Agency, under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 may be delegated or transferred, by Executive order of the President or otherwise, to the Secretary of Defense or to any officer or employee of the Department of Defense. All such response authority shall be delegated to the Administrator of the Environmental Protection Agency.

(2) NATURAL RESOURCE TRUSTEES.--The Secretary and other officials and employees of the Department of Defense may be designated trustees of natural resources, with the same authority as other Federal trustees of natural resources.

(3) EPA DELEGATION TO DOD.--

(A) IN GENERAL.--Except for those authorities specifically prohibited from being transferred, the Administrator may delegate authority vested in the Administrator or delegated to the Administrator under CERCLA to the Secretary of Defense or another officer or employee of the Department of Defense where the Administrator determines this to be a cost-effective method to more expeditiously and effectively implement his responsibilities and retains ultimate oversight and review of the functions delegated.

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(B) Prohibitions on delegation.--The Administrator shall retain, and may not delegate to the Secretary (or any other officer or employee of the Department of Defense) the authority to approve remedial action implemented at a site for which the Secretary of Defense has responsibility under subsection (c) of this section and which is listed on the National Priorities List, unless such action is an emergency removal.

(4) National security.--The President may issue such orders regarding response action at any specific site or facility of the Department of Defense as may be necessary to protect the national security interests of the United States at that site or facility. Such orders may include, where necesary to protect such interests, an exemption from any prohibition or delegation of authority to the Secretary contained in this subsection with respect to the site or facility concerned.

(b) Environmental Restoration Program.--The Secretary of Defense shall establish an office within the Office of the Secretary of Defense which shall have the responsibility for carrying out the Defense Environmental Restoration Program, including authorities delegated under subsection (a)(3), in consultation with the Environmental Protection Agency. Goals of the program shall include, but not be limited to:

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(1) the identification, investigation, and cleanup of contamination from hazardous substances and wastes;

(2) correction of other environmental damage, such as unexploded ordinance detection and disposal which creates an imminent and substantial endangerment to the public health, welfare or environment; and

(3) demolition and removal of unsafe and unsound buildings and structures.

(c) RESPONSIBILITY FOR RESPONSE ACTIONS.--

(1) BASIC RESPONSIBILITY.--The Secretary of Defense shall carry out (in accordance with the provisions of section 2 and section 3(a)(3)) all response actions with respect to releases of hazardous substances--

(A) from each facility or site owned by, leased to, or otherwise possessed by the United States and under the administrative jurisdiction of the Secretary; and

(B) from each facility or site which was under the administrative jurisdiction of the Secretary and owned by, leased to, or otherwise possessed by, the United States at the time of actions leading to contamination by hazardous substances;

(C) from each vessel of the Department of Defense, including vessels owned or bareboat chartered and operated.

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(2) APPLICATION OF CHAPTER 169 OF TITLE 10.--Response actions, or portions of response actions, pursuant to this section which do not result in a new facility designed for on-going operations are not military construction for purposes of title 10, chapter 169, of the United States Code or this Act.

(3) OTHER RESPONSIBLE PARTIES.--Paragraph (1) shall not apply to removal and remedial action if a determination has been made under section 104(a) of CERCLA that such removal and remedial action will be done properly and expeditiously by another responsible party. Nothing in this Act shall be construed to affect the liability of any person or entity under sections 106 and 107 of CERCLA.

(4) STATE AND LOCAL FEES AND CHARGES.--The Secretary of Defense shall pay, in the same manner as any private person, all fees and charges imposed by State and local authorities for the storage and/or disposal of hazardous substances on lands which are under the administrative jurisdiction of the Secretary, unless the payment is the responsibility of a lessee, contractor, or other private person.

(5) IMMINENT HAZARD AUTHORITIES.--Where there may be an imminent and substantial endangerment to public health or the environment at a facility or site at which the

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Secretary is authorized to respond, the Secretary may implement the administrative abatement authorities of section 106 of CERCLA, in consultation with the Administrator, and petition the Attorney General of the United States to implement the abatement authorities of section 106 of CERCLA.

(d) AUTHORIZATION OF APPROPRIATIONS FOR ENVIRONMENTAL RESTORATION PROGRAM.--

(1) 5 YEAR AUTHORIZATION.--There are authorized to be appropriated to the Secretary of Defense for the first 5 fiscal years commencing after September 30, 1985, such sums as may be necessary to carry out the responsibilities of the Secretary described in this section. Such sums shall remain available until expended and may not be reprogrammed for any other use. Funds authorized to be appropriated under this paragraph may not be used for emergency removal action for which funds are appropriated pursuant to subsection (e).

(2) AMOUNTS RECOVERED UNDER CERCLA.--Amounts recovered under section 107 of CERCLA for response actions of the Secretary shall also be available, as appropriated by the Congress, for purposes of carrying out the responsibilities of the Secretary under this section. The Secretary may administratively consider, compromise, and settle any claim or demand under CERCLA

arising out of activities of the Department of Defense, from amounts appropriated under this subsection, in accordance with regulations promulgated by the Attorney General. Any award, compromise, or settlement in excess of $25,000 shall be made only with the prior approval of the Attorney General or his designee.

(e) AUTHORIZATION OF APPROPRIATIONS FOR EMERGENCY REMOVAL.--

(1) SEPARATE EMERGENCY CLEAN UP ACCOUNT.--There is authorized to be appropriated to the Secretary of Defense for the first 5 fiscal years commencing after September 30, 1985, such sums as may be necessary to establish a separate emergency clean-up account. Sums appropriated under this subsection shall remain available until expended. The separate account shall be maintained by the Secretary of the Treasury and shall be available to the Secretary of Defense for carrying out removal actions with respect to releases or threatened releases of any hazardous substance which may present an imminent and substantial endangerment to the public health or the environment.

(2) SINGLE SITE OR FACILITY LIMITATION.--Not more than $1,000,000 may be expended from sums authorized to be appropriated under this subsection with respect to a single site or facility unless the Secretary finds, in

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consultation with the Administrator, that--

(A) continued response actions are immediately required to prevent, limit, or mitigate an emergency,

(B) there is an immediate risk to public health or welfare or the environment, and

(C) such assistance will not otherwise be provided on a timely basis.

(3) COMPLETION DEADLINES.--Each removal action carried out with the use of funds authorized to be appropriated under this subsection shall to the maximum extent practicable, be completed within 6 months from the date on which such removal action is commenced, and in no event later than 18 months from such date on which such removal action is commenced.

(4) NOTIFICATION OF CONGRESS.--Within 15 days of expending or obligating funds authorized to be appropriated under this subsection for purposes of any site or facility, the Secretary shall notify the Committees on Appropriations and on Armed Services of the United States Congress.

(f) USE OF OPERATION AND MAINTENANCE FUNDS FOR RESPONSE ACTIONS.--Notwithstanding subsections (d) and (e), the Secretary of Defense may expend or obligate any funds which are available for operation and maintenance of facilities under his authority to carry out response actions (including

emergency actions) authorized under this Act whenever, at his discretion, he deems the use of such funds to be necessary and appropriate.

(g) SERVICES OF OTHER AGENCIES.--The Secretary of Defense may obtain the services of any Federal, State or local agency of government, on a reimbursable basis, to assist him in carrying out any of his responsibilities under this section, including but not limited to the identification, investigation and cleanup of any off-site contamination possibly resulting from the release of any hazardous substance or waste at any facility under his administrative jurisdiction.

SEC. 4. RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROGRAM.

(a) PROGRAM.--The Secretary of Defense shall establish a program to carry out research, development, and demonstration with respect to--

(1) means of reducing the quantities of hazardous waste generated by activities and facilities under the jurisdiction of the Secretary;

(2) methods of treating, including recycling and detoxifying, hazardous waste of the types and quantities generated by current and former activities of the Secretary and facilities currently and formerly under the jurisdiction of the Secretary;

(3) identifying more cost-effective hazardous

substance cleanup technologies; and

(4) toxicological data collection and methodology on risk of exposure to hazardous waste generated by the Department of Defense.

(b) AUTHORIZATION OF APPROPRIATIONS.--There are authorized to be appropriated to the Secretary of Defense for the first 5 fiscal years commencing after September 30, 1985, such sums as may be necessary to carry out the research and development program established under this section. Such sums shall remain available until expended and may not be reprogammed for any other use.

SEC. 5. WIDELY USED HAZARDOUS SUBSTANCES.

(a) NOTICE TO ATSDR.--The Secretary of Defense shall notify the Administrator of the Agency of Toxic Substances and Disease Registry established under section 104(i) of CERCLA of 25 hazardous substances which the Secretary of Defense determines to be the most widely used hazardous substances at facilities under his jurisdiction for which no standard is in effect under the Toxic Substances Control Act, the Safe Drinking Water Act, the Clean Air Act, or the Clean Water Act and for which no water quality criteria are in effect under any provision of the Clean Water Act.

(b) TOXICOLOGICAL PROFILES.--The Agency for Toxic Substances and Disease Registry established under section 104(i) of CERCLA shall prepare toxicological profiles of each

of the 25 substances referred to in subsection (a). The Secretary of Defense shall transfer to such Agency such toxicological data and such sums as may be necessary for the Agency to prepare the profiles of such 25 substances.

(c) AUTHORIZATION OF APPROPRIATIONS.-- There are authorized to be appropriated to the Secretary of Defense such sums as may be necessary for the fiscal years commencing after September 30, 1985 for purposes of this section. Such sums shall remain available until expended, and may not be reprogrammed for any other use.

(d) DEADLINES.--The notice required under subsection (a) shall be submitted not later than 1 year after the date of the enactment of this Act. The profiles required under subsection (b) shall be completed not later than 1 year after the date on which funds are transferred to the Agency for Toxic Substances and Disease Registry by the Secretary of Defense.

SEC. 6. NOTICE OF ENVIRONMENTAL RESTORATION ACTIVITIES.

(a) EXPEDITED NOTICE.--The Secretary of Defense shall take such actions as necessary to insure that the regional offices of the Environmental Protection Agency and appropriate State and local authorities for the State in which a facility under his administrative jurisdiction is located receive prompt notice of--

(1) the discovery of releases or threatened releases

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of hazardous substances at installations;

(2) the extent of the threat to public health and the environment which may be associated with any such release or threatened release;

(3) proposals made by the Secretary to carry out response actions with respect to any such release or threatened release;

(4) the initiation of any response action with respect to such release or threatened release and the commencement of each distinct phase of such activities.

(b) COMMENT BY EPA AND STATE AND LOCAL AUTHORITIES.--The Secretary of Defense shall require that an adequate opportunity for timely review and comment be afforded to the Administrator of the Environmental Protection Agency and to appropriate State and local officials after making any proposal referred to in paragraph (1), (2), or (3) of subsection (a) and prior to undertaking any activities or action referred to in subsection (a)(4). The preceding sentence shall not apply if the action is an emergency removal taken because of imminent and substantial endangerment to human health or the environment and consultation would be impractical.

(c) TECHNICAL REVIEW COMMITTEE.--Whenever possible and practical, the Secretary of Defense shall establish a Technical Review Committee to review and comment on

Department of Defense proposals outlined in subsection (b) in a timely manner. Members of the Technical Review Committee shall include but not be limited to at least one representative of Secretary of Defense, the Environmental Protection Agency, and appropriate State and local authorities.

SEC. 7. PUBLIC PARTICIPATION.

(a) NOTICE AND COMMENT.--Before adoption of any plan for remedial action to be undertaken by the Secretary of Defense at any site on the National Priorities List, the Secretary shall--

(1) publish a notice and brief analysis of the proposed plan and make such plan available to the public,

(2) provide a reasonable opportunity for submission of written and oral comments regarding the proposed plan.

The notice and analysis published under paragraph (1) shall include sufficient information as may be necessary to provide a reasonable explanation of the proposed plan.

(b) FINAL PLAN.--Notice of the final remedial action plan adopted shall be published and the plan shall be made available to the public before commencement of any remedial action. Such final plan shall be accompanied by a discussion of any significant changes (and the reasons for such changes) in the proposed plan and a response to each of the significant comments, criticisms, and new data submitted in

written or oral presentations under subsection (a).

(c) PUBLICATION.--For the purposes of this section, publication shall include, at a minimum, publication in a major local newspaper of general circulation.

SEC. 8. ANNUAL REPORT TO CONGRESS.

(a) REPORT ON PROGRESS IN IMPLEMENTATION.--The Secretary of Defense shall furnish an annual report to the Congress for each fiscal year which commences after the date of the enactment of this Act. The report shall describe the progress made by the Secretary during the fiscal year in implementing the requirements of this Act and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

(b) ITEMS INCLUDED.--The report under this section shall include, but shall not be limited to--

(1) a statement for each facility under the administrative jurisdiction of the Secretary of the number of individual sites at such installation at which any hazardous substance has been identified;

(2) the status of response actions contemplated or undertaken at each such site; and

(3) the specific cost estimates and budgetary proposals involving response actions contemplated or undertaken at each such site.

SEC. 9. IDENTIFICATION OF MILITARY CONSTRUCTION FUNDS FOR

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ENVIRONMENTAL RESTORATION PROJECTS.

(a) IDENTIFICATION OF FUNDS IN BUDGET.--(1) The Secretary of Defense shall provide to Congress detailed information on military construction projects requested in the Budget that are attributable to environmental restoration programs. Such information shall include--

(A) the total amount requested for such projects and the amount requested for such projects by each military department; and

(B) a listing of each such project.

(2) Such information shall be provided in budget documents submitted to Congress in connection with the annual budget request for military construction activities of the Department of Defense.

(b) SEPARATE LEGISLATIVE AUTHORIZATION FOR ENVIRONMENTAL RESTORATION MILITARY CONSTRUCTION PROJECTS.--Any proposed legislation submitted to Congress by the Secretary of Defense for the annual military construction authorization Act shall set forth any amount requested for military construction projects for environmental restoration as a separate amount for each miiitary department and for the defense agencies.

SEC. 10. EMERGENCY CONSTRUCTION FOR RESPONSE ACTIONS.

(a) AUTHORITY.--Subject to subsections (b) and (c), the Secretary may carry out a military construction project not otherwise authorized by law if the Secretary, in consultation

with the Administrator, determines that--

(1) the project is vital to protect the public health or environment from an imminent and substantial endangerment resulting from a release or threatened release of any hazardous substance, and

(2) that the requirement for the project is so urgent that the deferral of the project for inclusion in the next Military Construction Authorization Act would be inconsistent with protecting the public health or environment from an imminent and substantial endangerment.

(b) REPORT TO CONGRESS.--When a decision is made to carry out a military construction project under this section, the Secretary shall submit a report in writing to the appropriate committees of Congress on that decision. Each such report shall include--

(1) the justification for the project and the current estimate of the cost of the project,

(2) the justification for carrying out the project under this section, and

(3) a statement of the source of the funds to be used to carry out the project. The project may then be carried out only after the end of the 21-day period beginning on the date the notification is received by such committees, or after each such committee has approved the project, if

the committees approved the project before the end of that period.

(c) LIMITATIONS.--

(1) MAXIMUM AMOUNT OBLIGATED.--The maximum amount that the Secretary may obligate in any fiscal year under this section is $30,000,000.

(2) TOTAL UNOBLIGATED FUNDS.--A project carried out under this section shall be carried out within the total amount of funds appropriated for military construction that have not been obligated.

SEC. 11. DEFINITIONS.

As used in this Act--

(1) CERCLA.--The term ``CERCLA'' means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

(2) CERCLA TERMS.--The terms ``Administrator'', ``facility'', ``hazardous substance'', ``response'', ``release'', ``remedial action'', ``National Contingency Plan'', and ``National Priorities List'' have the same meanings as when used in CERCLA.

(3) ADMINISTRATIVE JURISDICTION OF THE SECRETARY.--The term ``administrative jurisdiction of the Secretary'' includes administrative jurisdiction of the Secretary of Defense and the Secretaries of the Military departments.

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(4) SECRETARY.--The term ``Secretary'' means the Secretary of Defense, or his designee.

Mr. RAY. Thank you.

Mr. Whitehurst.

Mr. WHITEHURST. Thank you, Mr. Chairman.

My colleague has made a very excellent statement and a very bold proposal. It certainly has a lot of merit and bears study by this subcommittee.

Just a couple of questions. I understand that your bill requires DOD to pay all fees and charges imposed by State and local authorities for the purpose of storage of hazardous substances on DOD lands, as well as f[illegible] and charges resulting from an agreement between the State or locality over the sharing of the cost of cleanup of a hazardous site resulting from DOD action.

I guess what I would like to know is how these charges are established. Are they going to be uniformly applied on all the users?

Mr. FAZIO. That is obviously a problem. But what we are trying to get at by this provision is to make it clear that the Department of Defense is responsible for paying fees for the storage and/or disposal of hazardous substances in the same manner as any private entity. The way the language is structured, a county or city could not levy special fees on Department of Defense facilities. The department would simply be responsible for fees in the same fashion as any other private entity.

Mr. WHITEHURST. One thing on technical review committees. The bill calls for their establishment at those DOD facilities engaged in cleanup efforts. Could you elaborate on how these communities function, how they have assisted efforts at McClellan?

Mr. FAZIO. We created this entity as much as anything else to try to bring some order out of chaos. There were statements being made by local health agencies, State, water quality agencies, that were I think well meaning but tended to excite a tremendous amount of public concern, far beyond the borders of the facility itself.

The military initially took an approach that was counterproductive. It was essentially a stonewalling operation. In the long run, I think, their awareness now of the approach is far better. They are willing to be up front, to confront the agencies that have occasionally accused them of malfeasance or coverup. They have begun a process of restoring public confidence in the Air Force, in this instance.

We felt that institutionalizing all of these voices in one place had some merit. They were required to come together regularly, talk to each other, clarify points, and leave no doubt for the media or the general public about their intentions. The groups began to work together instead of working at cross purposes, and as a result confidence was restored among the groups and in the general public.

This was difficult initially because people at first came out of their biases—an environmentalist, promilitary, et cetera.

Eventually we got all of that behind us. We started moving in the same direction speaking with the same voice. We brought public representation to the committee because the public was clamoring for involvement. They were the ones directly affected, and they wanted to know what was going on. I think that has been a positive thing.

We have had some grandstanding. We have had some people making political points. But more than anything else, I think we have reassured the general public that we were operating with their interest in mind.

The question of openness has been discussed. I think there has to be some public discussion, some opportunity for people to ask questions. But I think we are talking about the difference between a public hearing and required openness at all times at an operational level. I think you can make a distinction there.

Mr. WHITEHURST. Thank you, Mr. Chairman.

Mr. RAY. Thank you.

Mr. Martin.

Mr. MARTIN. Just one comment and perhaps a question.

I wanted to commend the gentleman for his fine statement and his initiative.

While I have not had the opportunity to look at the legislation, I find that as I become more experienced in dealing with these kinds of items, the definitions as between pollutants, hazardous substances, toxic substances, carcinogens, are thrown around and sometimes used indiscriminately. The gentleman brings up a good point. On page 4 he talks about including unexploded ordnance material and chemical weapons and that kind of thing, which you get into more in the military sphere obviously than you do in the civilian sphere.

ENVIRONMENTAL CLEANUP

While we certainly are charged with the responsibility of cleaning up the environment, I wonder how in the legislation the gentleman would set priorities as far as the cleanup is concerned. Obviously, there has to be priorities. For instance, hopefully we find unexploded ordnance only in ranges set aside for that purpose. While that is important, too, I would suggest that it is not as important as cleaning up PCB's or carcinogens leaking into your water system.

Mr. FAZIO. I have been critical in the past of expenditures out of the initial funding of the IRP Program that I felt went to less than essential kinds of cleanups; for example, clearing of sites, when I thought we needed to get into the ground water problem.

Sometimes it is easier to attack those kinds of problems. We can get a handle on them much more rapidly. The money is available and we went after them. But I have learned there are some serious problems.

For example, we had a young child die in San Diego last year picking up some unexploded ordnance in an area available to the public. There are immediate implications here. We don't know

what the overall health effect has been over time through ground water contamination and the consumption of that water. We do know that that family is without one of their children now because of not having properly cleaned up a place that we thought we had sufficiently cleaned and abandoned.

So I am not quite as glib in my criticism of DOD priorities in that sense. I think we have to leave it up to the managers of this program to know where they can put the money in the short time frames, where it will do the most good.

In some areas we have technical solutions. In other places we don't. That may not relate to the degree to which the public anguish or health fears exist. We may have tremendous need to clean up a site and not really know how to do it quite yet. Other areas, where the pressure may not be so great, we may have the answer. I don't think any of us sitting here writing legislation can resolve those dilemmas.

I think we have to trust people of good will over at DOD and in EPA to set those priorities and allocate the available resources. I think we are all supportive of making them available, but only to the degree that we know the money can be spent reasonably in that particular fiscal year.

Mr. MARTIN. I think the gentleman hits the nail right on the head. It is awfully difficult to set those priorities. I assume you have to give that responsibility to someone, and they know full well no matter what they do, there will be criticism down the line, because of the child who picks up the piece of ordnance because they think the area was clean.

Mr. FAZIO. I like linking EPA into this, because I like the tension between the military and EPA. They have the same mission and same goal. I think we keep each other honest by having that kind of debate whenever it is necessary.

I don't think in many of the sites not on the National Priority List that EPA will be much involved. I think DOD will continue to run the program. But in the cases where the most serious contamination exists, I think that is a healthy kind of debate to have. And I am hoping this bill will make certain it occurs.

Mr. MARTIN. I thank the gentleman.

Mr. RAY. Mr. Darden.

Mr. DARDEN. Thank you, Mr. Chairman. I want to continue, if I may, Mr. Fazio, with this line of discussion.

Your bill would prohibit the powers vested in the administrator of the EPA and the President under the Comprehensive Environmental Response Compensation Liability Act from being delegated to the Secretary of Defense. Is that correct?

Mr. FAZIO. What we have said is that DOD should not be exempt as they are under executive order now from having EPA activity, EPA oversight. Currently, the only agency essentially in the Federal structure that doesn't have EPA oversight is the DOD. And I think it is appropriate particularly on those most critical sites to have EPA have ongoing responsibility so that they can be certain that the military is acting uniformly and with great alacrity to solve the problem.

There are many other sites that would not make that list, where I think EPA can readily delegate complete responsibility to DOD,

as they will, I am sure, in other areas where the Federal Government is involved. But we need to have a high standard here. We have to set an example essentially. This is not something that we can pass off as the mistakes of people in the private sector, perhaps more interested in profit than public health.

The time for demagoguery is long past in this whole area. But more importantly I think it is important that the military and other Federal civilians agencies be setting examples. And the EPA and DOD have not always cooperated effectively. EPA did not make the DOD cleanup a priority because they were not in charge of it.

We need to bring them in. We need to improve the relationships. I know that there is some effort to try to do that now under the existing structure. But the GAO report that I cite in my testimony has convinced me, Congressman Florio, and Congressman Moody, my cosponsors, that we need to make sure these two entities work together.

Mr. DARDEN. I think this might be an area where there could be some negotiation with DOD and maybe a clear delineation.

Mr. FAZIO. Certainly there will have to be further work in this area.

Mr. DARDEN. Now, I believe you are asking for a 5-year authorization.

Mr. FAZIO. That is correct.

Mr. DARDEN. Given DOD's increased emphasis, and the mounting concern that we have seen as evidenced by your presence, do you really think we need a 5-year authorization rather than just increased congressional pressure on DOD?

Mr. FAZIO. Well, I think one of the ways that you provide the resources to a man like Mr. Schafer and ensure that we do have an ongoing commitment unaffected by other priorities in DOD is to authorize a program for some long-term timeframe. This, as I indicated, and Mr. Matsui mentioned, is not the prime military mission. This is a byproduct of industrial processes. It has to be made a priority. The Congress is going to be more inclined to do that.

Without any criticism of people in the Pentagon, this is just not where you get your star. This is not where the money needs to go if you want to do all the things that we know we need to do to maintain our strategic deterrence or prepare our conventional forces. It has to be, I think, imposed as a priority by the Congress, just as we have done in a sense imposing on the private sector the costs of the cleanup under the Superfund.

We expect this cleanup program to go longer than 5 years. But I thought 5 years analagous to the civilian Superfund authorization would be appropriate. I estimate a ballpark figure of $5 billion, half that $10 billion that stretches out another 5 years.

I think we may find that we will be going up rather rapidly. It might even go up faster than any of us would like, as we identify these problems. But it certainly gives people who are running this program the assurance that they are not going to have to come in every year to Congress and fight with other DOD programs or other priorities to get their funds.

I can only say that if it were not for Senator Stevens pushing as he has in the Senate and some of us on the Appropriations Com-

mittee in this body, fighting each year to get our hands on funds, we would not be where we are today. We need more certainty than an annual appropriations battle.

Mr. DARDEN. Thank you very much, sir.

Mr. RAY. Mr. Hertel.

Mr. HERTEL. I want to commend Mr. Fazio for introducing this bill yesterday, as I understand.

Mr. FAZIO. Thank you.

Mr. HERTEL. I would like to be a cosponsor of the bill.

Mr. FAZIO. We would be more than happy to have you join us.

Mr. HERTEL. Regarding this problem overseas with our armed services' bases and so forth, what is the record overseas, if staff can answer?

Mr. RAY. We will get that information.

Mr. HERTEL. Has this been done overseas by the services?

Mr. WEST. Similar problems to here. I am not aware of how they are handled. We will find out.

Mr. HERTEL. I am curious to see what we are doing overseas as compared to here. I would not want to slow down anything to remedy this overseas, but we are dealing with human lives and public opinion in both places. The previous witnesses, Mr. Matsui, and you, have touched upon a problem in the military that the way to advance your career, which is important to any individual, is not always in the peripheral areas that are just as important to the public.

The Army over a year ago already started in the procurement area the kind of things that you are talking about, focusing on advancement for those people that do a complete job in procurement. It has paid off for the Army. They have had less embarrassments, I think, because of that emphasis, and now we see the Navy is going to be doing that too.

I would like to work with Congresswoman Schroeder in the personnel area. It seems to me that the definiton of national security should be to every day make every citizen as safe as possible. That doesn't always indicate the external threat. If we can spend over $300 billion for defense of the national security, I think we can spend whatever amount it takes to protect the citizens here.

The tragic example of the child in San Diego I think highlights that very well. So I would like to join with Mr. Matsui and yourself, and I have read Mr. Moody and Congresswoman Schroeder's testimony, that we pledge to work even harder to call attention to this problem and to solve it and to get your bill passed in whatever fashion we can.

Mr. FAZIO. I appreciate that. We anticipate a sequential referral to this committee and Energy and Commerce. I think we have high hopes for success.

Mr. RAY. Thank you, Mr. Hertel.

One question, Congressman Fazio. You mentioned that DOD should defer to EPA on technical environmental questions because that is not its primary function. If there is a problem in this regard, wouldn't it make more sense for Congress to create a separate entity or account to undertake environmental restoration of all Federal land administered by EPA?

Mr. FAZIO. That could be considered. We were trying to make progress without being totally disruptive to the program. We are continuing to make some progress within the existing structure. We don't want to be so disruptive that there will be a hiatus in the progress.

I think EPA has expertise we can benefit from, so involving them as we have I think already is sufficient to get their attention and participation and to ensure that those in the military would have some doubt about the need of dealing with EPA effectively will also get the message.

Mr. Moody has legislation that he will be introducing that affects other Federal agencies. So, I think, that perhaps in his testimony you can pursue that question a little further.

Mr. RAY. Thank you for a very thorough statement.

Dr. West.

Dr. WEST. A technical question. Did I understand you to say that when you are going to undertake the authorization for 5 years that there is going to be a specific dollar figure tied to that authorization?

Mr. FAZIO. I think that question needs to be resolved in conversations with members of this committee and others as to how the proper approach could be made. It would be my hope that we could set a target figure based on our most recent estimate of cost, that we could logically see expended in that 5-year timeframe, and set it at that level and let the Appropriations Committee fix the proper amount, given the latest information, on an annual basis, provided to that committee.

I think that would be the wisest way to proceed. I think this committee needs to establish the accounts, set the outer limits, perhaps we may need to change them, and perhaps that will retain the jurisdiction that I know is important and valid for this committee. I am on the other side of this question though and concerned about this rapid increase, and it may be awfully hard to authorize a specific figure that is adequate to address this very costly problem 5 years into the future.

Dr. WEST. How about something like such sums as may be necessary?

Mr. FAZIO. I am only sensitive to the prerogatives of this committee and your role in this area. I am interested in knowing how much flexibility you are interested in providing my committee, the Appropriations Committee.

Mr. RAY. Thank you.

Mr. Eastman.

Mr. EASTMAN. I have no questions.

Mr. RAY. Thank you, Congressman.

Mr. FAZIO. I thank you for your attention and good questions.

Mr. RAY. The next witnesses is the gentlewoman from Colorado, Mrs. Schroeder.

STATEMENT OF HON. PATRICIA SCHROEDER, A REPRESENTATIVE FROM COLORADO

Mrs. SCHROEDER. Thank you very much, Mr. Chairman. I am delighted to see the Appropriatons Committee here; and that we have

a good friend on the Appropriations Committee, because sometimes we wonder whether or not they will appropriate what we authorize. I think that has made progress. I ask unanimous consent to put my entire statement in the record. I realize you are prohibited and it is a busy day.

Mr. RAY. Without objection.

Mrs. SCHROEDER. Thank you for having these hearings. I think we know one of the problems in the Department of Defense is the Defense Department has not been the Environmental Protection Agency and it is not their main focus. We see in the Soviet Union a new head that everybody is overwhelmed by because he came out of the Agriculture Department that had been the burying ground for anybody in the Government.

People figure he must be a genius to come from there and head the country. The same thing here, it would be unique if somebody came from the environmental defense leadership group and suddenly became Chairman of the Joint Chiefs. That is a problem that we are tiptoeing around, and I think we have to address. The amount of money that they have put in their project this year is $342 million and we can tell by the charts it is a mere drop in the bucket because over 50 installations are known to have severe problems.

One of the oldest and most serious borders on my district, the Rocky Mountain Arsenal, founded in World War II. It was remote. A lot of people who came out to work in the military in World War II stayed, and so the whole town grew around it; but at that time it was remote. The Army didn't know what was happening, but there they had 27 square miles to bury stuff; and they did. They buried weapons and nerve gas, toxic wastes, and on and on.

Nobody even provided a map as to where they buried it. Nobody was concerned. They thought it was like a dump. They did not look at the geology of the area. If you had to pick in Colorado a place worse to put it, that is it. It is porous soil, above a water table that is essential for everybody to utilize, but no one bothered to look at that.

In the 1950's study there became polluted waters. Tests were run, livestock and severe crop damage was seen. They found it was moving off site. The military came up with a containment policy in the 1970's to capture ground water and try to purify it. The problem is you can't contain forever and ever because the wind blows, stuff goes up into the soil and waterflows, and eventually it gets away.

The Army is looking for a conceptual strategy to clean up the arsenal. I applaud that. It is refining the strategy and working with EPA and everybody else. I would hope since this is one of the biggest military toxic sites, and it is surrounded by population, that it could become a real prototype. I hope the committee watches it very carefully and makes it a prototype for cleanups that we have coming.

Recommendations, first of all we have a tremendous problem even in the committee, because when the subcommittees were set up environmental cleanup was not a major topic. A little piece goes to a lot of different subcommittees and it is not coordinated. I would hope maybe we could have a quick task force on this issue to

figure out how we segregate the different subcommittees and their jurisdiction over it.

Military installations clearly has a piece of it, research and development, and readiness, and personnel, is also an important piece. To make sure people don't fall through the cracks, I think the committee has to get our act together in how we are going to deal with this. Then I think we have to make sure the people heading this up have the technical expertise.

One of the problems we have often in the military is we are still looking for the renaissance man. Environmental cleanup is very specific, very technical and scientific. They weren't doing this in the renaissance anywhere near that. It was a kind of trash pickup. So we have to make sure that we have the qualified people in there and that their careers aren't in jeopardy for taking it on. And if we don't do that make sure EPA or someone with technical expertise does it.

We have seen frustration in the private sector. They have the expertise, but they don't know how to approach the military to share the expertise or find out what is needed. It becomes a dance. Everybody is moving around it and we need to find a better way to get private companies that are aware of what can be done in the mainstream so they can have that dialog.

That is a rapid summary. There are many other things we need to look at. The points made by the prior witnesses I underline too. We know this will probably be one of the things people might run for to reprogram money out of, and we want to make positive that does not happen; that the people who mess up the land pay to clean it up. In my state it is a classic example of what happens if you don't. If this gets into the water table, what do we do? You are sitting close to the Ogallala Aguifer, important to many States.

It has to be cleaned up. The military is now recognizing it; and the question is how to do it in the most efficient, expeditious and prudent manner. So it is truly a cleanup and not just painting over the rust, which the old containment policy was. Thank you.

PREPARED STATEMENT OF HON. PATRICIA SCHROEDER

I want to thank the Subcommittee today for holding these hearings. It is time to acknowledge the danger of military-caused toxic wastes. It is a subject of increasing importance.

Until recently, little mention was made in defense documents of the toxic waste problem. The current Report to Congress by the Secretary of Defense, however, highlights the new Defense Environmental Leadership Project, and requests $342 million for it in the FY 1986 budget. This is just a drop in the bucket compared to what is needed to clean up the over 450 known installations that require environmental rehabilitation.

The oldest and most serious military hazardous waste site in the U.S. is Rocky Mountain Arsenal, which sits on the northern boundary of the Denver city limits. It produced, starting in 1942, mustard gas, GB nerve gas, smoke munitions, and incendiary munitions for the war effort.

Given the times in which we were living and the limited knowledge in all sectors of the danger posed by toxic waste sites, limited attention was given to the toxic wastes that accumulated and the way in which they were haphazardly disposed around the 27 square mile site. Further, chemical contamination occurred from wastes deposited by Shell Chemical Company, which leased facilities there for pesticide production.

In the 1950s farmers downstream of the arsenal noticed severe crop and livestock damage. Water tests taken by the state showed high levels of chemical contamination in ground water that had flowed outside the arsenal boundaries.

In response to the Congressional and State concern of the problem, the Army devised a system in the 1970s to capture the groundwater at the arsenal boundaries and purify it before releasing it back into the water table.

I applaud the Army for producing a conceptual strategy for the clean up of Rocky Mountain Arsenal. It is currently refining this strategy into specific actions and schedules.

To clean up the Rocky Mountain Arsenal site could become one of the biggest and most expensive restoration sites in the world. Since it is one of the largest military toxic sites, Rocky Mountain Arsenal could become the prototype for all other military toxic waste sites. For this reason I feel we must commit ourselves to doing a thorough evaluation and cleanup strategy.

I have several recommendations that I hope this subcommittee will consider as we look to working together on a plan for the future.

First, encourage DOD managerial initiatives to develop productive strategies for installation restoration. Technical expertise and environmental data need to be developed. The Pentagon needs program managers for the financial and technical operation and maintenance of specific projects. These program managers should come from environmental backgrounds and not just from the traditional military career path that emphasizes field experience.

Second, jurisdiction among different subcommittees in Congress needs to be better defined. I suggest convening an informal Armed Service environmental task force to delineate responsibilities and jurisdictions within this subcommittee, Military Construction, and Research and Development. This task force would coordinate the funding phases of specific DOD projects, and establish criteria to schedule the hundreds fo projects for cleanup.

Third, private sector expertise should be sought. The military is relatively inexperienced compared with private sector firms who operate and maintain clean up technology they have already developed.

I have a personal interest inseeing Rocky Mountain Arsenal removed as an environmental danger. However, I realize the nation is faced with hundreds of other military bases that harbor toxic chemicals that pose environmental dangers. That's why we must quickly set the process to develop response actions, and then to operate and maintain them.

Mr. RAY. Thank you for a concise and frightening statement.

Mr. Martin.

Mr. MARTIN. I also want to salute my colleague. I want to say kind of apologetically that the enormity of the situation, as you, and Congressman Kramer and Congressmen Brown, Schaefer, and Strang have talked about it, is frightening.

I renew the pledge that I am going to encourage my colleagues some time to get an opportunity to see Rocky Mountain Arsenal. I have found that sitting here in Washington, and the fine statements you provide, all the staff work that is done, seeing is sometimes believing. I apologize, but I will get there in due course.

Mrs. SCHROEDER. I would love to have you see it because when you walk through those 27 miles, and they tell you they are finding things there all the time, and you see the ponds where they have dumped the stuff, and see the effect on wildlife, and talk to rangers, and the health department, you realize what a potential disaster it is and why it is so important to move forward. So I am delighted; and I thank you for your sensitivity.

Mr. MARTIN. Thank you, Mr. Chairman.

Mr. RAY. Mr. Darden.

Mr. DARDEN. Thank you, Mr. Chairman. I certainly was not aware of the extent of the problem that you have so ably outlined here today; and that has been brought to our attention certainly by Congressman Fazio and Congressman Matsui, and will be discussed by Congressman Moody and Congressman Kramer.

I hope that every member of the Armed Services Committee has a chance to hear his presentation or at least part of it, because we

are so caught up, Mr. Chairman, with various procurement R&D programs that, as Mr. Hertel said, we sometimes loose sight of some of the most important and frankly, regretable situations that do occur, certainly of some of our Department of Defense Programs.

So, I want to thank you again for increasing our level of awareness of this problem.

Mrs. SCHROEDER. Thank you. When I was first elected I went to see Dr. Kistiakowsky, Eisenhower's science adviser, and who had designed many of the weapons during the Korean war used at this place, and he was horrified it had not been cleaned up. He said we were at the Yalu River, we had to have weapons instantly, we didn't want to go nuclear and nobody had time to sit down and think what will the side effects be. He was horrified that nobody had looked at it afterward. I think that is life.

We run from one disaster to another; and certainly a security disaster is one of the biggest. But it was built under tremendous pressure in World War II, and got reactivated in Korea, where we were concerned about the needs and didn't want to go nuclear over the Yalu River, and were concerned. And nobody has gone back to clean it up; and that is the problem.

PROGRAM MANAGERS

Mr. RAY. One of the recommendations regards fostering of program managers for maintenance of environmental projects. How would you envision the Department should go about doing this; and would you suggest legislation to require it to be done?

Mrs. SCHROEDER. We may have to. No. 1, I don't want it to be like a project manager in weapons procurement, where they rotate them every 18 months or 2 years. We want a project manager who sees the project through to the end, who has the expertise and rides it all the way through, and doesn't have their career jeopardized, when you need to hire outside people because they have the expertise or when we can do it with people in-house that do have the expertise.

If they don't, forget it. You don't hire someone to oversee your chemical that graduated in French. It doesn't make any sense. I think that we need to have a discussion, and I will be doing with the military, about do they have people with that in their resume; are people who have those items in their résumé that are needed going to be logical to take this on; and will they committee them out of the rotation cycle. Because we want them to stay and know who it is rather than giving them hello-goodbye parts every 6 months for the new one coming in and starting over.

Mr. RAY. Thank you. You have added to the hearing with your statement. I appreciate it very much.

Mrs. SCHROEDER. Thank you, Mr. Chairman.

Mr. RAY. The gentleman from Colorado, Mr. Kramer.

STATEMENT OF HON. KEN KRAMER, A REPRESENTATIVE FROM COLORADO

Mr. KRAMER. Thank you, Mr. Chairman.

Mr. Chairman, and members of the subcommittee, thank you very much for, holding this hearing and allowing me to appear. I very much appreciate your interest and I thank, especially Mr. Martin and Mr. Whitehurst, who have signed on as cosponsor of the bill that I am going to talk about.

As Representative Schroeder indicated, we do have a very large environmental problem at the Rocky Mountain Arsenal. It is 10 miles from downtown Denver. I think I can say without being too grandiose in this description, we have a toxic timebomb ticking away there on the doorstep of one of America's fastest growing urban areas.

One of the former arsenal commanders called the arsenal "the single most contaminated of piece of ground that exists in this country." I think that sums up the situation.

I am going to summarize my prepared testimony and insert the full text, together with a copy of our bill, for the record.

Mr. RAY. Without objection.

Mr. KRAMER. You were given a little background a few minutes ago on what has been done at the arsenal since 1942. About 165 contaminated sites have been identified as a consequence of all those processes, and some of the contaminants released into the environment have found their way into the ground water and then off the post into the waterwells in surrounding communities.

To the Army's credit, it has worked diligently to control this contamination and thus far has spent about $50 million in attempts to contain the toxic hazards. But a containment strategy, given the magnitude of the problem, the potential health threat, and the proximity to the principal urban area of Colorado, is not enough.

The arsenal needs to be cleaned up. Last month Chairman Dellums of the Military Installations and Facilities Subcommittee, on which I served as ranking minority member, was kind enough to hold a public hearing in Colorado on this issue.

The Army has now come up with a proposal for cleanup. It proposes to excavate about 16 million cubic yards of contaminated soil and other material—an almost unbelievable amount of material—detoxify it as much as possible, and then relocate it in a 1- to 2-square mile area near the center of the arsenal. This plan would take approximately 15 years to complete at a cost of about $357 million.

This shows the magnitude of what we are talking about. I believe that this Army estimate may prove to be conservative, but by the Army's estimates, today we are looking at $357 million for this one cleanup project.

To put this in perspective, consider that a typical Superfund cleanup estimate ranged between $10 and $80 million. The one we have heard so much about, Love Canal, has required only $10 million.

I have some concerns with the Army proposal. First, I think the 15-year period is too long. In effect, the army proposal calls for almost 5 years of study first. I think this could become the classic case of studying a problem to death.

Second, the natural characteristics of the arsenal—its soil, its location above a major drinking water source—must lead us to at

least think about removing the hazardous materials from the arsenal altogether.

Third, the Army proposes to wait for contaminated ground water to flow to the arsenal boundary lines before it cleans it up. Would it not be better to clean the water up at the source of the contamination?

Fourth, the Army's proposal does not call for beginning cleanup of certain major sources of continuing contamination until 1990. One of these is Basin F. There is an old story going around about having row boat races on the basin, with the winner being the boat that gets across without having its bottom eaten away. Waiting 5 years before undertaking this priority cleanup is simply unacceptable.

Last, I think we need to take a look at some of the technologies that may be able to reduce significantly, the volume of material we are talking about removing and see whether or not they would lend themselves to the process of cleanup and facilitating off-site disposal.

These are my principal concerns with the Army proposal. Some of my Colorado colleagues and myself have introduced H.R. 1771—the bill that Mr. Whitehurst and Mr. Martin were kind enough to add their names to as cosponsors. Without going into detail, this bill would cut the cleanup time in half, from 15 years to about 8. It provides for priority cleanup of these most contaminated areas. It calls for giving consideration to new technologies that could reduce the volume of toxic material. It requires looking into the feasibility and cost of cleaning the ground water at the source of contamination. And it says go out now and look at possible geologically and politically acceptable sites for off-site disposal to see whether or not this is feasible, so we can come up with a strategy about what we are going to do now and implement it, rather than leaving it vague for another 5 years.

These are the major provisions of H.R. 1771. It also requires the Army to advise Congress of any reprogramming of funds that might be necessary in 1986 to meet the bill's deadline. I would note that the Colorado Department of Health supports the concepts in this bill.

In conclusion, I just don't think we can wait a 15 years. I think we need to act expeditiously to clean up the arsenal. Given the magnitude of this effort, I think we could learn a lot from it. It could become a model for the kinds of restoration activities that you have heard about today, and will continue to hear about from Mr. Fazio, Mr. Moody, and others.

All these can be well-served by having a model like Rocky Mountain Arsenal that would really show the way for doing something that is very positive, not only for the State of Colorado, but for the entire country, and perhaps the world, in showing how to deal with the increasingly widespread problem of environmental contamination and hazardous waste.

Thank you very much for your indulgence.

PREPARED STATEMENT OF HON. KEN KRAMER

Mr. Chairman, Mr. Whitehurst, members of the subcommittee, I thank you very much for inviting me to testify before you today, and I greatly appreciate your interest.

I am very pleased to have this opportunity to share with you my thoughts on an issue that looms very large on the horizon of the Defense Department's Environmental Restoration Program: Rocky Mountain Arsenal.

Located just 10 miles from downtown Denver as the crow flies, and Arsenal is a toxic time-bomb ticking away on the doorstep of one of America's fastest growing urban areas.

Rocky Mountain Arsenal—one of its former commanders called if possibly "the most contaminated piece of ground that exists in this country." Another expert said one site on the Arsenal "may be the most contaminated square mile on Earth."

The Arsenal was established in 1942 to manufacture and assemble chemical and incendiary munitions. During the Korean War, a nerve gas manufacturing plant was constructed on the Arsenal. This facility ceased operation in 1958, but the process of filing munitions with nerve agents continued on the Arsenal until 1969. The Arsenal has also been a major facility for storage and disposal of obsolete chemical-warfare weapons.

From 1947 until 1982, the Arsenal was the site of commercial chemical manufacturing and packaging operations. In 1947, Julius Hyman and Company leased portions of the Arsenal to make pesticides and herbicides. In 1952, Shell Chemical Company took over the Julius Hyman lease. Among the toxic substances produced on the Arsenal by these two companies were the now-banned insecticides aldrin and dieldrin.

The activities of the Army and its leaseholders contaminated large areas on the Arsenal—some 165 contaminated sites encompassing 4 square miles have been identified by the Army so far. Tons of chemical salts—by-products of the deactivation of large quantities of chemical munitions—stored in deteriorating drums are scattered about the Arsenal in poorly sheltered heaps. Chemically contaminated vehicles and equipment, carelessly disposed of munitions, and poison-laden structures litter the facility.

This deadly legacy poses a most serious threat to the environment and public health. Substantial damage has been done to natural resources and to migratory and other wildlife on the Arsenal. Contaminants released into the environment on the property have found their way into the groundwater and migrated off-post into water-wells in surrounding communities.

To its credit, the Army has worked diligently to control the contamination. It and Shell Chemical have built three systems on the Arsenal's boundaries designed to remove contaminants from groundwater before it flows off the Arsenal. It has acted to clean up many of the sources of contamination. Altogether, it has so far spent upwards of $50 million in its attempts to contain the toxic hazards and keep them from escaping from the Arsenal.

But containment is not good enough. The Arsenal must be cleaned up. Those of us who have studied the problem have long known this. And last month—in a field hearing of the Armed Services Subcommittee on Military Installations and Facilities, of which I am the ranking Republican member—this was repeatedly confirmed by expert witnesses.

The recurring theme of the testimony at that hearing was not only that the Arsenal must be cleaned up, but that we cannot afford to wait any longer to get the job started—and completed as soon as possible.

The Army, too, seems to recognize that containment won't do the job—that cleanup is the only real answer. It now proposes to excavate the contaminated soil and other material—some 16 million cubic yards of it. Under the Army proposal, this material would be treated and placed in an above-ground disposal facility covering one to two square miles near the center of the Arsenal. The plan would take 15 years to complete, and it also calls for control and monitoring of grounds and surface water for as long as necessary.

This proposal would cost—at a minimum—$357 million. According to an EPA spokeswoman. this far exceeds anything spent so far on any hazardous waste site on the federal Superfund list. Most Superfund site cleanup estimates range between $10 million and $80 million—and the most spent so far on any one site has been on the infamous Love Canal, where about $10 million have been expended.

Although the Army is to be applauded for its work to date, and especially for its commitment to cleaning up the Arsenal, careful study of the Army's proposal and

the testimony received at my subcommittee's hearing has convinced me that there are several serious problems with the approach the Army proposes.

First, I have grave concerns about the timetable for finally getting the job done. I'm concerned that the 15-year cleanup proposal—spending the next five years studying the problem while leaving virtually all cleanup for the next decade—may amount to studying the problem to death.

Second, given the natural characteristics of the Arsenal site—in particular, the nature of its soils and its location above a major drinking water source—is it prudent to think in terms of an on-site disposal facility such as the Army plan calls for? Might it not be better to remove the hazardous materials from the Arsenal altogether?

Third, the Army proposes to wait for contaminated groundwater to flow to the Arsenal-boundary containment systems before purifying it. It is estimated that this will take at least 100 years to accomplish. Would it not be better and safer to clean up the water at the source of contamination, before it has a chance to endanger the public?

Fourth, the Army's proposal does not call for cleanup of certain major sources of continued groundwater contamination until the 1990s. For example, Basin F, which contains millions of gallons of hazardous wastes and is thought to be the principal source of continuing groundwater contamination, is not slated for final cleanup until at least 1990.

Fifth, one of the principal drawbacks to off-site disposal of Arsenal contaminants is the sheer volume of material involved—an estimated 16 million cubic yards. I understand that waste-treatment technologies may be available that could not only render the contaminants less harmful but also reduce the volume of material that has to be placed in a disposal facility, perhaps by as much as 90 percent. This would make off-site disposal a considerably more attractive option. It would even make on-site disposal simpler. And it would almost surely step up the pace of cleanup.

To assure that these concerns are addressed and that cleanup of the Arsenal goes forward as rapidly as possible consistent with getting the job done as it should be done, my Colorado colleagues Hank Brown, Dan Schaefer, Mike Strang, and I have introduced H.R. 1771, which has been referred to the Armed Services Committee.

In the interest of saving the subcommittee's time, I will quickly summarize the provisions of H.R. 1771, and ask that the full text of the bill be entered into the record of today's proceedings.

H.R. 1771 would require the Army to develop a comprehensive plan for the cleanup of contaminated sites, structures, equipment, and natural resources on and in the vicinity of the Arsenal by September 30, 1993—half the time called for in the Army's proposal. The bill would require the Army to submit this plan to the Congress by October 31, 1985.

Briefly, H.R. 1771 specifies that the plan must:

Provide for the priority cleanup of the most seriously contaminated areas on the Arsenal as well as contamination off-post;

Give priority to the use of waste-treatment technologies that will reduce significantly both the volume and toxicity of hazardous substances on the Arsenal;

Provide for a study of feasibility and cost of cleansing groundwater at the contamination sources on the Arsenal rather than waiting to treat the water when it reaches the boundaries of the facility;

Provide for selection of the best possible final disposal site for hazardous materials from the Arsenal in such a manner that sites both within and outside Colorado will be considered and in which state and local officials and the general public will be consulted and fully informed of the Army's plans and proposals;

Provide that the plan will be carried out in full compliance with all applicable federal and state environmental laws;

Provide for consultation with state and local authorities and the general public throughout the cleanup process;

Describe in detail the phases of the project, including completion dates, a priority ranking of the goals for each phase, and cost estimates for each phase and the total project; and

Include a statement setting forth any reprogramming or supplemental appropriation that may be needed in fiscal year 1986 in order to assure speedy implementation of the plan.

My cosponsors and I believe that H.R. 1771 sets forth a reasonable and "doable" agenda. This conviction is shared by—among others—the Colorado Department of Health: CDH Remedial Programs Director Tom Looby told me that his department "likes the direction this bill is taking. It's consistent with our recommendations made at the congressional hearing in * * * February."

Mr. Chairman, Mr. Whitehurst, members of the subcommittee, we cannot wait 15 years to defuse the toxic time-bomb at Rocky Mountain Arsenal. We must act now, bringing to bear the best combination of resources and management we possibly can.

If we do so, we can turn the problem of environmental contamination at Rocky Mountain Arsenal into a golden opportunity: Cleanup of the Arsenal can be a model not only for the DoD's Environmental Restoration Program but for dealing with all hazardous waste sites—both public and private—all over America.

Thank you very much.

HLC

99TH CONGRESS
1ST SESSION

H. R. 1771

IN THE HOUSE OF REPRESENTATIVES

March 27, 1985

Mr. KRAMER (for himself, Mr. BROWN of Colorado, Mr. SCHAEFER, and Mr. STRANG) introduced the following bill; which was referred to the Committee on ARMED SERVICES

A BILL

To direct the Secretary of the Army to develop a comprehensive plan for the cleanup of contaminated sites, structures, equipment, and natural resources at or near the Rocky Mountain Arsenal near Denver, Colorado.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. PLAN FOR CLEANUP OF ROCKY MOUNTAIN ARSENAL.

(a) IN GENERAL.--The Secretary of the Army shall develop and transmit, by October 31, 1985, to the Congress a report setting forth a comprehensive plan for completing the cleanup of contaminated sites, structures, equipment, and natural resources at or near the Rocky Mountain Arsenal near Denver, Colorado, by September 30, 1993.

(b) SPECIFIC REQUIREMENTS.--In such plan, the Secretary shall--

(1) describe in detail the various phases for the project, along with the completion dates and a priority ranking of the goals for each such phase;

(2) provide cost estimates for each such phase and for the total project;

(3) provide findings and conclusions reached as a result of consultation, before the transmittal of the plan, with State and local officials (including officials of water districts) and the general public;

(4) provide that consultation and coordination with such officials and the general public will be carried out throughout the process of cleaning up the Arsenal;

(5) provide for priority cleanup of--

(A) the most seriously contaminated areas at the Arsenal, including the areas known as Basin F, Basin A, and section 36;

(B) other areas at the Arsenal which should be afforded priority treatment for the benefit of the general public, including the areas known as sections 7, 8, 11, and 12; and

(C) any sites, structures, equipment, or natural resources located outside the Arsenal that have been contaminated by activities carried out at the Arsenal;

(6) provide for the cleanup of the areas described in paragraph (5) without regard to whether a final disposal site for hazardous substances from the Arsenal has been selected;

(7) establish, as a priority, the use of waste-treatment technologies that will reduce significantly the amount and toxicity level of hazardous substances at or near the Arsenal;

(8) provide for selection of a final disposal site for hazardous substances from the Arsenal in a manner that will take into consideration sites, within and outside of Colorado, that--

(A) are geologically suitable to serve as such a disposal site; and

(B) are located within areas the governing bodies of which have expressed a willingness to have such a disposal site located therein;

(9) provide that all activities in the plan will be carried out in compliance with the requirements of applicable Federal and State environmental laws;

(10) provide findings and conclusions reached as a result of studying the feasibility and cost of cleansing groundwater on an expedited basis at the sources of contamination on the Arsenal; and

(11) include a statement concerning any reprograming or supplemental appropriation of funds that may be necessary for fiscal year 1986 in order to assure an expeditious implementation of the plan.

Mr. RAY. Thank you for that statement and for your patience in waitng this morning, also.

Mr. Martin.

Mr. MARTIN. Again I want to salute Mr. Kramer for his statement and his initiative and his explanation to me as to the enormity of the problem.

I would like to make one other comment that I think an awful lot of the problems that we face deal with perception and attitude as far as the Pentagon is concerned.

When they opened Rocky Mountain Arsenal in 1942, or whatever, the problems this country faced were somewhat different and we can look back and say that they should have done something.

The fact of the matter is I don't think there is anybody dealing with Rocky Mountain Arsenal who still has anything to do with the Army. Being humans, as they are at the Pentagon, they are kind of reluctant sometimes to involve themselves in these kinds of things because of the perceptions out there that all you guys in the green suits are bad guys and have done something wrong.

I think this is an opportunity that we have in supporting them in their efforts of trying to do something that puts them in a different light.

Mr. Chairman, I went on maneuvers with an American regimental commander at one time and throughout their operating area there was a very scarce bird and its nests were all along the operating area. I said that must be a real problem, you know with groups coming out and saying you can't go this and the other place. He said, no, that is just a matter of attitude. No matter where we go in the world there are places we are going to have to make sure we don't involve ourselves in or damage, so this is good training; taking the positive attitude rather than the negative attitude.

I sometimes get upset because almost always it is a sexier thing to start beating people over the head with an obvious problem whether or not they are to blame or not. I think we have to recognize we have a problem and resolve it.

The other morning I was listening to the reports of General Dynamics, the allegations of double sets of books, they are dropping the dime on General Dynamics. Later in the paper I found out they were talking about those things happening in 1973, and yet people were putting the blame for it now. If we could change the attitude and find a proper way of putting things in the proper perspective, and do things positively, I think we will get a lot more concentration of effort.

Mr. KRAMER. I think your point is well stated. We are not looking for a whipping boy here. That won't get the job done. The Army built the Panama Canal a great contribution to this planet. And while this is a little different, it is in some ways a problem of similar magnitude. Given the proper climate and environment, there is no reason why the Army can't be a good guy in this situation and come out having a debt of thanks owed to it by the citizens of this planet for being instrumental in bringing on line technologies and techniques that are going to solve some environmental problems that are becoming ever-increasingly apparent.

Mr. MARTIN. Thank you very much.

Mr. RAY. Mr. Darden.

Mr. DARDEN. I would like to add, Mr. Kramer, I am amazed to find out the overwhelming size of this project. Without sounding skeptical, I can't help but wonder if this can or ever will be accomplished, I regret to say. I certainly want to assist you in every effort to try to correct this problem, but I am almost skeptical about our ever being able to restore this. I will be interested to look at some of the specific sites.

Mr. KRAMER. We hope that that possibility can become a reality. I think this subcommittee can play a positive role in making the cleanup happen. Thank you very much.

Mr. RAY. We sure thank you for your testimony today.

Mr. KRAMER. Thank you very much.

Mr. RAY. The gentleman from Wisconsin, the Honorable Jim Moody, we thank you for your patience. You were ranking bottom on the list, not because of your expertise, but because that is where you wound up on the list.

Thank you for coming.

STATEMENT OF HON. JIM MOODY, A REPRESENTATIVE FROM WISCONSIN

Mr. MOODY. Thank you, Mr. Chairman, for having me testify today. I think I am coming down with the flu or something so I may be hard to understand through my clogged up nasal passages.

Mr. Chairman and fellow colleagues, thank you for the opportunity to participate in this important hearing on hazardous and toxic wastes on military facilities. There are an estimated 1,400 uncontrolled hazardous waste sites in this country which are not monitored by the Environmental Protection Agency.

These sites can be found in every State and in nearly every congressional district. All of these sites I refer to are owned or operated by the Federal Government. Over 1,100, or almost 80 percent, of these sites are owned and operated by the Department of Defense.

The potential danger of these 1,100 DOD sites is truly enormous. The DOD generates more than 400,000 tons of liquid waste a year, and many hundreds of thousands of additional tons in solid waste.

Furthermore studies show that DOD and other Federal agencies knowingly circumvent application of EPA regulations and Superfund by the use of memoranda of understanding between such agencies and the Department of Justice. These memorandums, in effect, produce the blanket Federal policy of never taking legal action against a polluting Federal agency.

The result is that Federal agencies such as DOD, but of course others, polluting the local environment have no legal necessity to rectify deficiencies or to enter into serious negotiations leading to compliance. There is only good citizenshp and moral suasion as an incentive, but environmental regulatory authorities have rendered themselves powerless to compel compliance when negotiations fail.

Recently, DOD has begun to demonstrate a strong commitment to clean up at some of its facilities and I was pleased to hear last week at a hearing before the Public Works and Transportation Committee on which I serve, that DOD wants the inclusion of their sites on the National Priority List.

To their credit DOD is one of the few Federal agencies that has so far established a program, the Installation Restoration Program, recently recreated as DERP, to address the problem of waste sites. However, it should also be pointed out that although this program was started in the late 1970's, it appears that only 24 sites have been completely cleaned up by March 1985.

Thus, it is apparent that Federal oversight with teeth, with the ability to bring legal action to set deadlines and to set compliance standards is necessary to ensure efficient and aggressive cleanup activities of Federal waste sites.

I am pleased to be an original cosponsor of the excellent bill of my colleague, Vic Fazio, H.R. 1940, which would authorize a military hazardous waste cleanup "Superfund." Although my own bill, H.R. 1319, would establish general guidelines for all Federal facilities, Representative Fazio's bill specifically addresses DOD concerns with their cleanup procedures and funding.

A 5-year authorization for Representative Fazio's bill will ensure a continued commitment to public safety by noninterrupted cleanup activity. We can be sure that cleanups on DOD facilities will need to continue probably into the 21st century. A longstanding commitment is essential.

Very importantly, Representative Fazio's bill also establishes a clear authority by EPA as the sole agency in charge of cleaning up hazardous waste sites. This is not, and should not be, the prime responsibility of DOD itself.

But this bill does allow DOD needed flexibility in its relationship with EPA and only as a last resort must DOD accede to EPA requirements and expertise.

This legislation by Congressman Fazio will enable DOD to take a progressive lead among Federal agencies in mandating cleanup requirements equal to those being done in the private sector.

Thank you very much for your attention.

Mr. RAY. Thank you, Congressman Moody.

Mr. Darden, do you have any comments?

Mr. DARDEN. Mr. Chairman, I would like to comment to Congressman Moody, ask him a couple of questions about his bill. Tell me some of the other Federal facilities and agencies that would be covered by your bill?

Mr. MOODY. My bill would include all Federal agencies, the Department of Interior, the Department of Energy—many agencies have hazardous or toxic waste sites under their direction.

Mr. DARDEN. The Department of Interior does?

Mr. MOODY. A few, it does indeed. There are probably some others. I know those two have some sites. GSA has some also. It would be a general generic approach to the problem, but saying that the Federal facilities would have to meet basically the kind of compliance that we apply to private industry. It seems to me that Uncle Sam should set an example. As of now, we are putting much more burden on private corporations than we are on ourselves as the Federal Government.

Part of the problem is that there is no teeth in the law because under the memorandum of understanding, EPA simply lets every agency be its own policeman. That isn't always good enough because agencies have other priorities and rightfully so, but in the

last analysis somebody should make sure that they are also being good citizens if they don't choose to be in a timely way.

Mr. DARDEN. It seems that we are almost giving private industry something to hit us over the head with again and again by our inattention to the Federal Government.

Mr. MOODY. That is true.

Mr. DARDEN. I can understand why industry would resent Superfund perhaps and the penalties they have paid under Superfund which the very same Government which seeks to enforce rules and regulations on them don't even clean up its own act so to speak.

I think this is a very good initiative and appreciate you bringing it to our attention.

Mr. MOODY. When we are talking about a national commitment, we are talking about sacrifice on the profit bottom line or jobs that may be injured by a sincere cleanup activity. It is not fair to ask the private sector to do this if we ourselves don't, which has been the case up to now.

If a person is poisoned or receives a carcinogen in ground water polluted by a Federal agency—we have a double standard at this time. We are pretty much letting Federal agencies clean up as they see fit, and while the DOD probably will in the end be one of the best, I think in principle we need to apply the same yardstick to Federal as we do to private cleanups.

Mr. DARDEN. Thank you.

Thank you, Mr. Chairman.

Mr. RAY. Mr. Martin.

Mr. MARTIN. Thank you.

I salute your statement. On your version of the legislation which relates not only to Mr. Fazio's question on military reservations but all Federal facilities, how does your legislation deal with the funding and who pays, depending on where it is at? Is it all EPA at that point?

Mr. MOODY. No, we assume that agencies can meet the cost out of their general overall budget. Most agencies have a kind of large contingency factor and they have overhead administrative funds and we assume that the problem won't be so great that they can't cover it that way.

If in fact agencies turn out not to be able to do that, they can ask Congress for a specific line item. We do not bill EPA for it. We want to internalize the incentives in each agency so they clean up as they go along. If they can charge someone else, there is no incentive to cleanup their sites.

Only when an agency is told they eventually will have to pay for this will they begin to take the early steps to keep the costs down. We think it is important to keep it in the agency budget.

Mr. MARTIN. When you are talking about agencies, you are talking about the Department of Defense being an agency?

Mr. MOODY. Yes.

Mr. MARTIN. The Defense budget being scrutinized as it is being scrutinized. I am obviously a sponsor of one of thse pieces of legislation and understand it is going to have to be funded through the DOD, whatever we do as far as installations are concerned. But us being the only agency that has their retirement system in it, that creates a $1 billion bubble for everybody to shoot at.

That is an unfunded obligation we have and as we add more and more things to it it becomes more difficult. I started out when I came here describing the way to resolve the impact problem is to have that restricted to the military so we put that in the Defense budget.

I think I got one other member of the committee to even talk to me on the subject and that has taken 4 years. That is a concern because in the overall alternative of somehow defending the country with a percentage increase related to inflation it gets pretty difficult to do an efficient program here.

Mr. MOODY. I would comment as well how that the cost of national defense should include the cleanup cost of polluting the ground water in the process of creating adequate national defense just as the true cost of the Department of Energy should include the cost of cleaning up the mess they might make somewhere.

We should recognize the cost of having an energy program, the cost of having an Interior Department program, or the cost of having a GSA. It is appropriate that we recognize that is a subsidiary cost of each agency. It has to come out of some budget somewhere and there is only so much money to go around.

It is sort of a contracting question but I think it is more properly put under the budget of the agencies because that is a cost of doing business.

Mr. MARTIN. I know the gentleman and other members could help us in doing what we are trying to do by pointing out that all these dollars we are spending aren't just on armament but to pay the unfunded obligatons and looking to this type of activity as well as section 6 schools and the other kinds of things we do. It all isn't MX missiles.

Mr. MOODY. I agree. I think it is irresponsible to try to trim—this is a gratuitous comment—irresponsible to try to cut the Defense budget by attacking the retirement program.

Mr. MARTIN. Most people don't appreciate the retirement program is in our agency as we are using that term and that gets kind of frustrating to us over here. We wish you well on your legislation.

I yield back.

Mr. DARDEN. Could I make one inquiry of the gentleman?

You mentioned that there are an estimated 1,400 uncontrolled hazardous waste sites in this country which are not monitored by the EPA Do you have any idea what the total number is of controlled hazardous waste sites?

Mr. MOODY. Where they actually were right on top of the problem?

Mr. DARDEN. Right. If you have that available—I am trying to get a perspective of what the Federal Government does, Mr. Chairman, with relation to private industry. I am looking for some rough numbers.

Mr. Moody, we are grateful for your testimony this morning and for your interest. I think you will find a very strong interest from Mr. Daniel, chairman of this subcommittee who apologized for being caught in another very sensitive committee this morning.

I want to thank the members who have shown up this morning in the face of other subcommittee meetings and departures also in

some cases and I thank all of the witnesses who have come and the people who have come to show interest in this very vital concern.

The subcommittee is adjourned subject to the call of the Chair.

[Whereupon, at 11:45 a.m., the subcommittee adjourned subject to the call of the Chair.]

THE ARMY LIGHT DIVISIONS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE
Washington, DC, Wednesday, April 17, 1985.

The subcommittee met, pursuant to notice, at 2:01 p.m., in room 2212, Rayburn House Office Building, Hon. Dan Daniel presiding.

STATEMENT OF HON. DAN DANIEL, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. DANIEL. The hearing will come to order.

This afternoon, the subcommittee will resume its consideration of the fiscal year 1986 Defense operation and maintenance request with testimony on the Army light division force structure initiative.

Our witness will be the Brig. Gen. John R. Greenway, Director of Force Programs, Office of the Deputy Chief of Staff of the Army for Operations and Plans.

General Greenway has played a major role in the development of the light division concept, and is now coordinating for efforts to make it a reality. General, it is a pleasure to have you with us today.

As a Member of Congress and a Virginian, I tend to be pretty partial about light divisions. As the general knows, the first unit organized by the Continental Congress was a light regiment composed of riflemen from Pennsylvania, Maryland, and Virginia, led by one of our local folk heroes, from my district, incidentally, Dan Morgan.

These light infantrymen proved their mettle in some of the most famous battles of the Revolutionary War. In 1775, they led the ill-fated American assault on Quebec. Two years later, they stopped "Gentleman Johnny" Burgoyne at Saratoga, a battle which was the turning point of the Revolution.

In 1780, they routed Tarleton's Legion at Cowpen's and then conducted one of the most skillful strategic withdrawals in history to escape a vengeful Lord Cornwallis.

All in all, they wrote one of the most memorable chapters in American military history. Who knows what they would have been able to accomplish if they had all been Virginians.

I do not want to steal General Greenway's thunder with a history lesson on light forces, but I think it is worth noting that the spirit of Daniel Morgan's riflemen survived the Revolution and similar units have distinguished themselves in virtually all of America's wars and combat operations.

For example, the 10th Mountain Division, which is being activated at Fort Drum, in my colleague Mr. Martin's district, did some of the hardest fighting during the Italian campaign in World War II and took the heaviest casualties of any American division in that theater.

I think we can conclude that the concept of light forces is not a new one, and has been repeatedly validated in the crucible of war.

The main reason for this hearing is to establish how the Army is trying to adapt this proven concept to meet current operational requirements. We also want to know what kind of personnel and funding tradeoffs are involved in the creation of five light divisions.

In addition, we want to get a better feel for the incremental costs involved in the procurement, military construction and operation and maintenance accounts.

Finally, we would like to determine if there are particular problem areas that need to be addressed as the Army moves ahead.

General, we hope that you can touch on these issues for us this afternoon.

Mr. Whitehurst, I'd like to have—you have something to say on this issue, if you would.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, READINESS SUBCOMMITTEE

Mr. WHITEHURST. Thank you, Mr. Chairman.

I would like to join you in extending a welcome to General Greenway.

I would also like to associate myself with the other remarks by the Chairman. As a fellow Virginian and a former history professor to boot, I am impressed with our chairman's history lesson, and would just say, parenthetically, you can go to the front of the class.

While I always enjoy hearing about Dan Morgan and his men, who were indeed the forerunners of today's light infantrymen, I did not realize that some more recent ancestors in their part of the country were represented on our subcommittee.

Mr. Martin and I will have to team up with the chairman and offer a full-blown seminar in military history one of these afternoons when some other hearing gets too heady.

Mr. Chairman, I think you and I and the other members of the subcommittee understand that all too often our hearings contain what sounds like an adversarial tone. That is one of the built-in hazards of congressional oversight.

However, every now and then, a hearing comes along which appears to be a forum for discussing a program which has only good news associated with it. That is my feeling about the subject of today's hearing.

The Army light infantry division seems to be a good idea which has been multiplied by success from its very beginning. Perhaps that is because of those early Virginia ancestors described by the chairman.

In any event, at a time when the United States and its Army have relatively fewer, or at best shrinking, resources, coupled with

more and greater commitments, the concept of the light infantry division and its associated mission is exactly what we need.

As I recall, it was just a few short years ago in 1983, when the Army completed its extensive review of force structure, dispositions, national strategy and the changing world situation. And, as I further recall, it was as a result of that review that the idea of the light infantry division in its present form began to take shape.

And, now, today, in 1985, when we look at the 7th Division at Ford Ord, CA, as it nears completion as the first light infantry division, the Army can be justifiably proud of this program.

Yes; there are still some questions as the Chairman indicated in his opening remarks. But, we recognize that they are questions of education, information, and interest, rather than questions of program validity or skepticism.

General, we look forward to your testimony, and to a continued cooperation in the light infantry program.

I would say, finally, as an addendum, one of the most interesting and, I think, profitable visits I have made to an Army installation was about 2½ years ago at Fort Lewis, WA, and I made a quick trip out there, even took a ride in one of the dune buggies, which was an adventure, I will say. I am all for the program. I think it is a great idea, hope it goes forward, and I know it is going to enjoy every success.

Again, we are delighted that you and your associates are here.

Mr. DANIEL. The Chair would like to add that his own personal feeling is that this is one of the best initiatives that we have undertaken since I have been a Member of Congress.

General, we are very glad to have you with us, and, also General Williams and General Schroeder. You may proceed.

STATEMENT OF BRIG. GEN. JOHN R. GREENWAY, DIRECTOR OF FORCE PROGRAMS, OFFICE OF DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS, DEPARTMENT OF THE ARMY

General GREENWAY. Thank you, Mr. Chairman. I appreciate your kind opening remarks, and you have already introduced my two colleagues, so I cannot proceed with that. I think they are well known by this committee, anyway.

Mr. DANIEL. Yes, sir.

General GREENWAY. I do have an opening statement that I would like to submit for the record, with your permission.

Mr. DANIEL. Without objection.

General GREENWAY. And, I would like to make an opening statement verbally, and, in doing that, expand on some of the points in my record version, and also take on some of the questions that I know you and other members of the subcommittee have, if I may.

Mr. DANIEL. As you desire.

General GREENWAY. Thank you, sir.

Gentlemen, you are all familiar with the history of the light infantry division. Mr. Whitehurst gave you a good rundown on that before we began here, and he recognized that it is part of an overall fabric of the Army structure that was put into effect, as Mr. Whitehurst said, starting in 1983. That structure is called the Army of Excellence. It derived from earlier studies and from a sig-

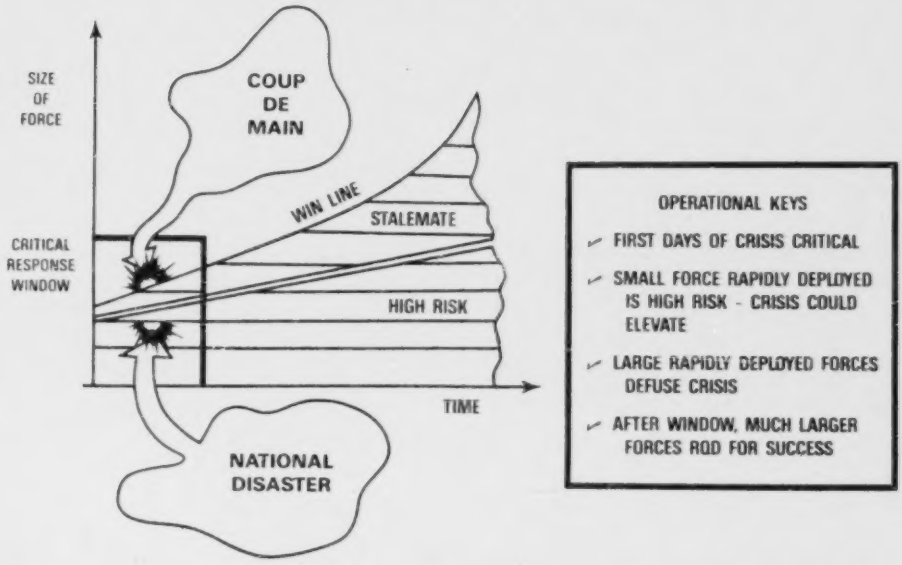
nificant revision to the Army's doctrine, is AirLand Battle. The way we fight today, and the way we excpect to fight in the future.

This structure also was put into effect to fit within our current endstrength. As you know, the Army has put into effect a constant endstrength in its active component of 781,000.

And so, we feel that the structure fits very well. The light infantry division is a key component of that.

The light infantry division, essentially, was put in to help us restore the balance between our heavy forces and our light forces, which we feel was a little out of kilter. We can go into more of that as we get into the discussion.

THE CONTINGENCY CRISIS



This chart exemplifies what I am talking about in being able to respond to a contingency crisis. On the lower axis, you see time; on the upper axis, the size of the force. What it says is that when we have a crisis, the first days of that situation are really crucial.

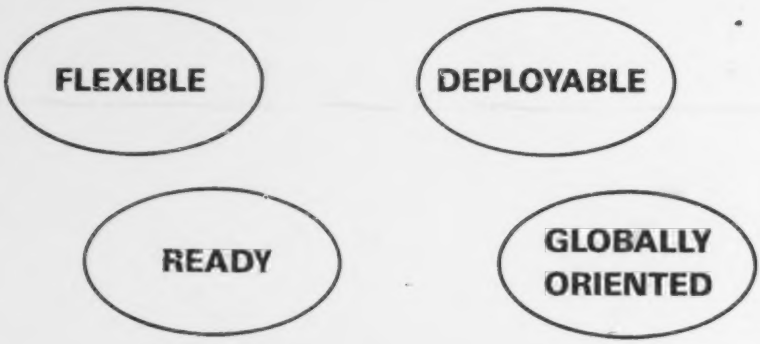
There is a kind of window of opportunity that you have, a response window, in which if you introduce forces to take on that kind of a contingency, and you introduce too small a force to do the job, you not only can suffer national embarrassment, you can suffer national disaster, and we do not want that to happen.

In studying history, we find that even over time, if you introduce increasing forces, you begin to run into a gradualism kind of a situation. We have had some experience with that in our history. We do not want to get into that again.

What we feel is essential in this critical response window is to be able to slap a fly with a hammer, if you like, to introduce enough forces immediately to affect that situation and put it down and control it. And the light infantry divisions, we feel, together with

our other light forces, some of the improvements we made there, have given us the capability to enter that window and do some good, and do some good right away. We feel that is the key to this entire balance of forces, if you will, that I referred to earlier.

LIGHT DIVISION DESIGN PRINCIPLES



- EFFECTIVE ACROSS SPECTRUM OF CONFLICT
- RAPIDLY DEPLOYABLE IN 400-500 SORTIES
- INCREASED INFANTRY STRENGTH
- SUITED FOR ECONOMY OF FORCE CONTINGENCY OPERATIONS
- AUSTERE SUPPORT BASE

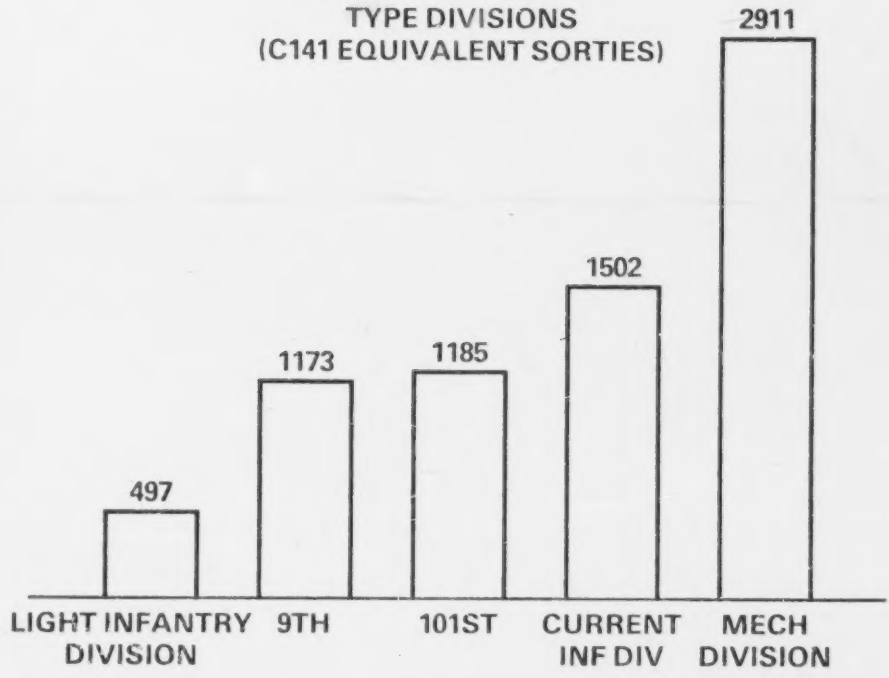
You are well aware, I believe, because this light division business has been going on for a while, the principles on which we designed the division. I would like to pick out a few points on this chart and expand on those.

We talk about flexibility. Let me use another word. Let me use the word "versatility" because I think the light forces that we have now give us a versatility that can fight across this spectrum of conflict. We have got to be able to do that because the United States and the U.S. Armed Forces, as you gentlemen well know better than I, have a global mission.

We have requirements, we have treaties, that require a global response. With the current balance of forces, we can do that well, but we can do it better. And this will give us the capability to do it better.

The light infantry division, as you know, is deployable in less than 500 sorties of C-141 aircraft. We greatly increased the infantry strength in that division proportionate to the total strength of the division, and I will talk more about that. I feel that that division is ideally suited for that kind of operation.

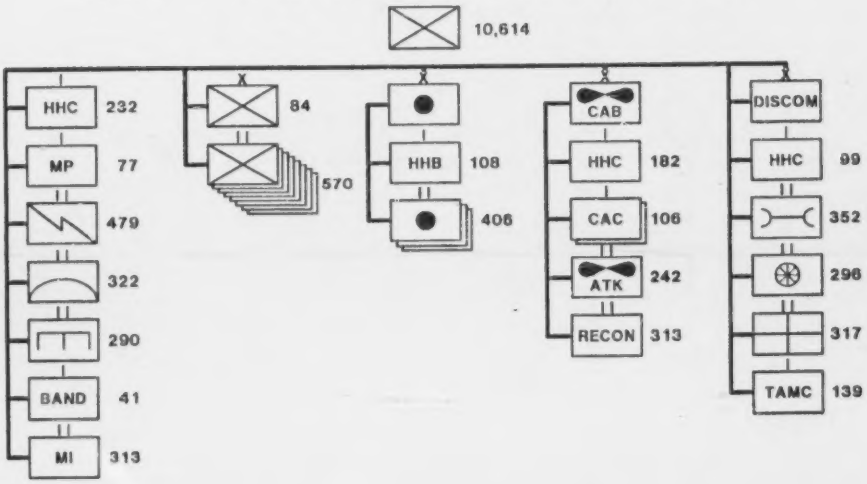
STRATEGIC DEPLOYABILITY



A word on this strategic deployability. What the chart shows is the light infantry division over on the left, 500 sorties marked here, and I have used the C-141 as kind of a yardstick to measure deployability. That does not mean that whenever we go to war, we are going to use nothing but C-141 aircraft. But we use that as kind of a way to normalize statistics.

The 9th Motorized Division has quite a bit of equipment in it, and takes a good deal more airlift. If you wondered where the 82d is on this chart, it would fall right in about here. In between the 9th and the light. It goes about 750 sorties. So, it requires substantially more, even on the downside to reach the capability there. The 101st, a lot of helicopters, a lot of heavy support equipment, requires more. The current infantry division that we have now takes about 1,500, and, of course, by comparison, the mech division would take about 3,000, not that we would ever plan to move a mech division by air, but just to show you the scale.

LIGHT INFANTRY DIVISION ORGANIZATION



You see the diagram of the light infantry division organization. I am not going to take you all through that. I want to highlight a couple of points. You have division base units here, the combat support units. Most of those are of a smaller size than you would find in heavier divisions, because they have less to support and protect.

The key to this division is those nine infantry battalions coming in three brigades. If you total those numbers up, they come to about 5,100 total soldiers out of the division of 10,600, are infantry. That compares to about a third of the soldiers in the current division being infantry.

So, proportionately, we are keeping the high proportion of infantry to get into that critical response window. Field artillery support comes from a small division artillery. We use the 105 howitzers in this division, although there is an experiment out at Fort Ord with the 7th Division to try a battery of 155 howitzers, a little larger howitzer, a little better delivery means, a nuclear delivery capability which we do not have in the 105.

So, artillery numbers could grow a little bit. The sorties I showed you, the 497, do not include that battery. If we put the battery in, we would be a little over the 500 sorties. There is a combat aviation brigade—all our divisions now have a combat aviation brigade designed into two lift companies of 15 Blackhawks each, which can airlift the combat elements of one infantry battalion in one lift.

You will hear criticism that the division cannot go any where on the ground once it is employed. I would say to you that that is not true. There is a capability to move infantry with organic air in addition to whatever augmentation the division might have, and there is a ground transport capability in which, if you wanted to use the 5-ton trucks in this division, we could move another battalion by ground in one lift.

So, there is organic lift in this division. I want to make you aware of that. Also, there is an attack helicopter battalion in this division. You have normal support in division support command.

Again, much lighter support than you would have in the heavy division because there is less there to support. There is a lot less heavy equipment to maintain, which is the main reason we have this large support element in the heavy divisions. Got to have that. Do not need it here.

MAJOR EQUIPMENT COMPARISON

CURR INF DIV		LIGHT INF DIV
15,978 (M16)	RIFLE	9,434 (M16 & M16A2)
321 DRAGON 162 TOW	ANTI-TANK	162 DRAGON 44 TOW
48 AH-IS 90 UH-1H 3 UH-60	HELICOPTER	3 EH-60A 29 AH-IS 36 UH-60A 31 OH-58C
75 (155MM) 4 (8")	ARTILLERY	54 (105MM)
43 (4.2") 72 (60MM) 9 (81MM)	MORTAR	36 (81MM) 54 (60MM)
66 TANK 163 APC	TRACK VEHICLES	6 ARMORED COMBAT EARTH MOVER
1,083 (HMMWV) 511 (5 TON) 843 (2½ TON)	TRUCK	312 (CUCV) 870 (HMMWV) 304 (5 TON)

I would like to quickly show you a comparison of equipment and there are just a couple of points I want to make here. This column shows our current large infantry division which we will only have in the National Guard after we get finished with this redesign.

These are the major elements that we have. The point I would like to make is,there is considerably less equipment here. Obviously, there are fewer rifles because there are fewer total people in the division.

The Dragon is our principal manned portable antitank system. We have less of those in this division, and I would tell you that we in the Army are in the process of getting our act together on a new manned portable antitank system. We are deficient in not having a good replacement for the Dragon. It is imperative not only for this division, but for all our divisions and for all the battalions, that we develop a better system to deal with the improvements that the threat have made in their armor. And, so, we need replacements for those, and we will be coming to you probably within the next couple of years to try and get a replacement for the Dragon in the force. I would urge you to support that.

Helicopters, pretty good mix in most divisions. Artillery. I talked about the lighter artillery. We may add 155's to that. Notice the

trucks. In the old division, we had about 1,300 2½- and 5-ton trucks. We are down to 300 hundred in this division. A large measure of that lift requirement coming down is taking out a lot of truck transportation that you do not need for a small, head-hitting, infantry-heavy division.

Mr. WHITEHURST. General, you don't show machineguns.

General GREENWAY. No, sir; I do not. We can give you information on machineguns. We have that.

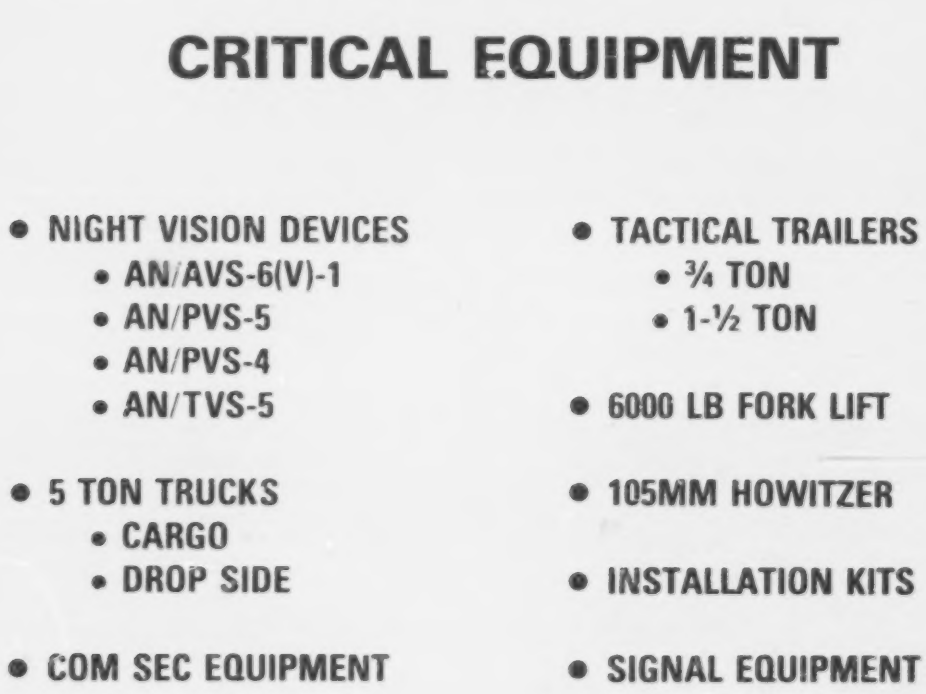
Mr. WHITEHURST. OK.

[The following information was received for the record:]

MACHINEGUNS

The Tables of Organization and Equipment (TOE) authorization for machineguns in the standard infantry division and the light infantry division follows:

Standard Infantry Division		Light Infantry Division	
Machinegun	Number	Machinegun	Number
5.56MM	634	5.56MM	590
7.62MM	767	7.62	476
.50 cal	296	.50 cal	30



General GREENWAY. Now, I must tell you that there are items that we do not have enough of in the U.S. Army. I call them critical equipment here. We do not have enough of these items of equipment, these night vision devices, trucks, communications, so on, regardless of whether or not we have a light division.

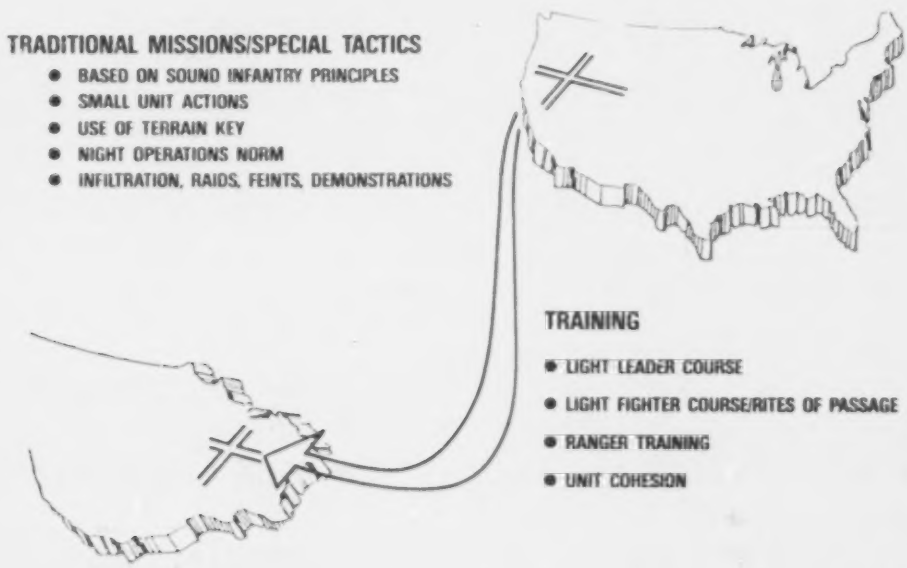
As I said earlier, we are putting up the light divisions within a constant endstrength in the Active component. We'd have to spread that equipment over the Active component to other combat forces, if we never had the light division.

So, as I say, this is critical equipment, and we need it in the light divisions. We need it in the whole Army. We are going to have to redirect in order to complete the light division conversions, we are going to have to redirect some of the procurement we have coming in, we are going to have to readjust priorities to be able to spread equipment over the force, and, so, we will be doing that, and we will be talking to you about that more. I know you are concerned about equipment distribution from the readiness standpoint.

What I can say about this is that we do not see that other units are going to get worse off because we have this problem. We are still going to modernize those units. We are just going to have to do it slower than we otherwise would have, if we are going to give priority to the light divisions.

These are the kinds of things that we are going to have some management challenges with.

TACTICS AND TRAINING


TRADITIONAL MISSIONS/SPECIAL TACTICS
• BASED ON SOUND INFANTRY PRINCIPLES
• SMALL UNIT ACTIONS
• USE OF TERRAIN KEY
• NIGHT OPERATIONS NORM
• INFILTRATION, RAIDS, FEINTS, DEMONSTRATIONS
TRAINING
• LIGHT LEADER COURSE
• LIGHT FIGHTER COURSE/RITES OF PASSAGE
• RANGER TRAINING
• UNIT COHESION

Now, Mr. Daniel talked about the Morgan's Raiders, and that group of folks.

This is the essence of what this division is about, how we are going to work them, how we are going to fight them, and how we are going to train them to operate. This is not standard infantry made light. The light divisions are going to use sound infantry principles, yes. They are going to have to pay much more attention to terrain in their offensive and defensive operations. They are going to have to be able to fight at night.

They are going to have to use such things as infiltration when they are on the offense. They are going to have to be expert in raids. They are going to have to use the tactics of feints and the kinds of tactics that Morgan's people knew so well, and that modern infantry can do if they are trained to do it. To make maximum use of their weapons, their training, their leadership, the terrain, the circumstances in which they find themselves to be able to deal with an equivalent or superior enemy, and we can do that.

We have proven it with our Rangers. Forces. The Brits prove it every time they go to war. The Israelis can do it. The Vietcong did it, and we can do it as well or better, and that is what this division is all about. It is not just standard infantry with a little lighter frame.

Now we have taken extra measures to train our leaders to be able to do that. We developed—we are developing and we have continued to develop a doctrine that will go hand in hand with that. We are setting up courses for our leaders down at Fort Benning, to be able to teach them how to employ correct tactics.

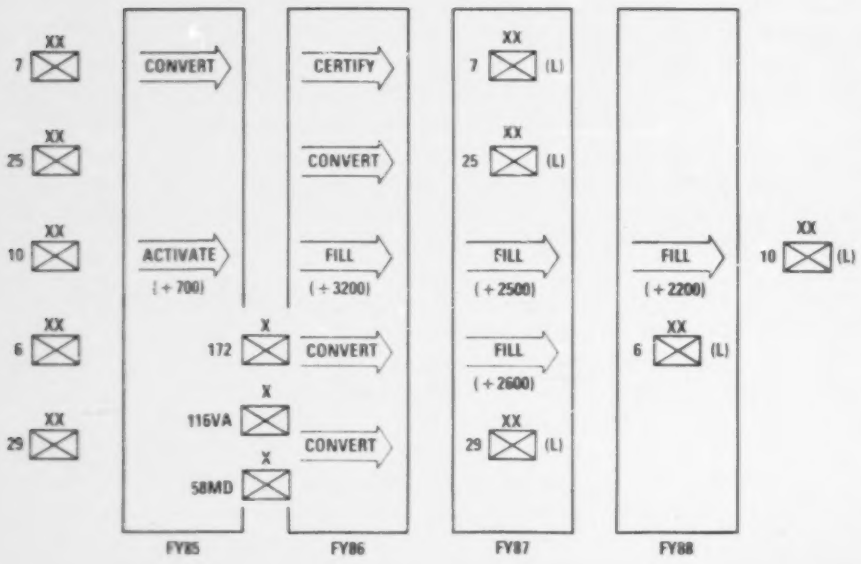
Within the division, we will have light fighters courses in which those people who have been trained at Benning, will then go through a two-phase process so every soldier in the division gets the benefit of that kind of training.

Much of it is along the lines that we train our rangers, and, in fact, we are going to increase the number of rangers in the division, and we are going to increase the resources we're spending to train more rangers. We're not going to lower the standards on ranger training.

This is a very important chart, and it is a very important part of how this division functions. That is not well understood even within the Army, and, so, I want to bring that clearly to your attention. An integral part of making this division successful is to be able to do those kinds of things.

If you do that in each division, we can begin to see improved tactics throughout the divisions of the Army, and we can make them all better. So, we hope to—I know we are already doing it in the 7th Division—to be able to make that infantry fight like we want it to fight.

LIGHT INFANTRY DIVISION SCHEDULE



You all know about the schedule on how we are going to bring these divisions along. I have the five divisions that we are going to have. The 7th at Fort Ord, CA, the 25th at Schofield Barracks, HI, 10th at Fort Drum, NY, 6th which will be in Alaska—probably a split station between Richardson and Wainwright—and the 29th Division, which is our Reserve component light infantry division. That is going to be formed out of the Virginia and Maryland Army National Guard.

The 7th will be on line, up and running and ready to go to war by the end of this fiscal year. They are ready to go to war now, but will be ready in this configuration in 1987. We are going to do a certification process on them in 1986. In other words, what we want to do is get them out in the field, pull off those people, get them trained, and then put them through their paces and evaluate their capabilities.

We may want to make some changes in directions, shift some things, fine tune this a little bit, not only for that division, but put out some lessons to the other divisions, and so we are going to see what we get out of the evaluation. We will do that during 1986 and then we will have them in the field.

Notice I have the word "convert" in four out of these five divisions. These are conversions from existing units or building on existing units in four out of those five cases. Again, a point that is not widely understood. Only in one case are we activating a new unit from scratch, and that is the 10th up at Fort Drum.

The 25th will be a relatively easy conversion to be done in 1986, and we will have them up on line. The 10th, I think you have had some info on, but we will build that slowly, across the years, as we show it here. Part of that division will go on at Fort Benning, GA,

in 1986, with one brigade. The remainder of the division at Drum. I am not sure when we will be able to bring the Benning brigade up to Drum, but we plan to do that in 1988 or 1989. It will depend on the facilities coming in at Drum, and we will talk to you more about those facilities later on.

The 6th is a conversion of the 172d Brigade in Alaska. We will fill that in with about 2,600 to 3,000 additional soldiers and bring that up on line in 1988. Again, I mentioned the split stationing there. It will be necessary to do that permanently.

Two of these are roundout divisions, the 10th and 6th. Each will have a Reserve component brigade. The 7th and 25th will be full up, three brigades, all active.

Mr. WHITEHURST. General, the 29th Infantry Division——

General GREENWAY. Yes, sir?

Mr. WHITEHURST [continuing]. Which is your Reserve division, what will be the level of it's equipment compared to the Active duty forces?

General GREENWAY. Over the time that we activate that division, we plan to bring that equipment level up to be comparable with the Active component divisions.

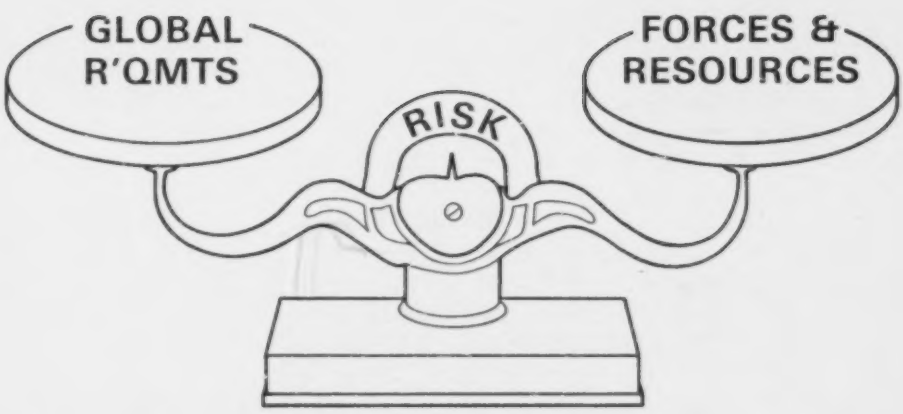
The 29th will be formed essentially from two existing brigades, the 116th Virginia Army National Guard, and the 58th Maryland National Guard. The remainder of the division will be about equally split between those two States as far as the elements coming in, and we can discuss those in whatever detail you like, but we have got plans to do that.

That will be coming on line in 1987. So, that gives you an idea of how we would bring these in, how we would bring them in over time.

I talked about the equipment shortages, and I can talk about personnel, although we do not envision shortages there. There is a certain amount of turbulence in doing this. We feel that because we are bringing them in over time, with a pretty good programmatic approach, we can minimize that turbulence as much as we can, and it will help us with the equipment spread across the Army.

So, that is not all going to be clean. We are going to have problems, but we understand what the problems are and we are dealing with those.

ACHIEVING A BETTER FORCE BALANCE



This chart is the last chart, and what I hope to say to you here is that we are always going to have a certain limitation on our resources and our forces, but we have requirements that are bigger than we can handle with current forces and resources. No matter how large the Congress and the people of the United States do for us, we can never afford all we would like to have.

What is the delta there? The delta is in terms of risk. We feel that given the initiative we are taking, given the doctrine that we have, given the forces now that we are structuring and modernization of our equipment that is coming in, if we proceed along the course we have laid out here, given the resources and given that requirement that we are going to minimize the risks to which our forces will be subjected that we will do the best we can for the country.

Sir, Mr. Chairman, that concludes my opening remarks. My colleagues and I will be pleased now to take your questions.

PREPARED STATEMENT OF BRIG. GEN. JOHN R. GREENWAY

Mr. Chairman, I appreciate the opportunity to appear before your subcommittee to discuss the Army's light infantry division. Before I begin, I would like to introduce Brig. Gen Shroeder, who is the Deputy Assistant Chief of Engineers, and Brig. Gen. Williams, Director of the Operations and Maintenance, Army appropriation.

Today, I intend to bring you up to date on the Army's light infantry divisions. My record and opening statements are intentionally brief to allow your subcommittee maximum time to address specific interests.

To begin, the Army appreciates your support for this most important initiative. The Army believes that landpower is the central element of our Nation's deterrent and warfighting capability. Further, we believe that lighter, more modern forces are needed at the low end of the spectrum of conflict to respond to a more likely, world-

wide threat in this area. To this end, the light infantry initiative was developed and presented during the FY85 Budget process and we are continuing in a more comprehensive manner in our FY86 Budget request.

In this paper, I want to briefly review: the origins of the light infantry division; operational concept and mission; organization; equipment; tactics and training; and offer a brief concluding statement.

ORGINS

On 6 March 1985, LTG Mahaffey, Deputy Chief of Staff for Operations and Plans, United States Army appeared before this subcommittee and discussed Army Readiness. By highlighting some of the United States collective defense arrangements and regional strategic objectives, he demonstrated the global span of our national interests and obligations and also the land-oriented nature of the threat.

Against this strategic backdrop, LTG Mahaffey then discussed the capabilites that the Army unilaterally or as part of a joint force, may have to furnish for peacekeeping, deterrence or fighting. In other words, the Army must be prepared to execute the Airland Battle and operate across a spectrum of conflict.

As review and to establish the need for lighter, more rapidly strategically deployable forces let us consider the spectrum of conflict.

The spectrum extends from low-intensity to high-intensity forms of conflict set against the parameters of risk probability. At the high end of the spectrum is strategic nuclear war. The incalculable costs and risks associated with strategic nuclear war, its potential linkage with theater nuclear weapons and, at least in NATO, the further linkage by policy and doctrine between theater nuclear, battlefield nuclear, and major conventional war, all argue that this form of conflict is relatively less likely because of costs and risk involved. This same logic also argues that conventional war, if it occurs under today's conditions of general nuclear parity, is much more likely to remain limited, rather than escalated to major nuclear war.

At the other extreme is a most reprehensible form of conflict, terrorism, which respects no boundaries. In fact, terrorism may occur across the spectrum of conflict. The same also be said for unconventional warfare. All of this serves to underscore the compexity of planning and training for all the potential forms of conflict. We must simultaneously be prepared to counter terrorism, deter and fight unconventional war, and fight and win a conventional war.

Across this spectrum of conflict in a global scenario, several implications are evident for the Army. There is a clear call for balance in force structure and posture. Light and heavy forces must be modernized—obtaining leverage through weapons systems technology and exploiting latest advances in communications and information processing technology. Further, there is a special need for regionally oriented special operations forces and light, rapidly deployable forces to meet worldwide contigencies. The challenge for the Army is to meet these force structure implications within known resource constraints, a commitment to a level Active Component end strength, and acknowledged shortfalls in strategic lift.

The Army realizes there is a limit on resources available. The chart on the next page provides support for this realization.

The clear trend for the forseeable future is one of continued moderate increases at reduced rates of real growth, reflecting necessary budget constraints.

Further, realization of constrained resources, along with Congressional action, led to a reassessment of projected active military manning levels. The Chief of Staff decided that the Army would program for a level end strength of approximately 781,000 for the Active Component (AC), and program future strength increases only for the Army National Guard and Army Reserve.

Finally, the availability of sufficient airlift and sealift has long been a constraint on the strategic flexibility of land forces. Both the Navy and the Air Force have made significant improvements in their lift programs, but under current programing guidance the shortfall will continue through their FY90 programs and beyond.

Strategic imperatives and resource constraints for improving overall force balance led the Army leadership to three overall conclusions: reexamine force structure, reexamine force designs within the structure, and increase light force capability for strategic flexibility and improved deterrence posture. In the fall of 1983, Army leadership provided force structure guidance which continued modernization and refinement of our heavy forces and began a process to restructure our light forces to increase their capability. Essential to this latter process were the incoporation of a 10K division design (the light infantry division), sustaining an ongoing high technology effort (the 9th Motorized Division), and enhancing our special operations and ranger forces.

With this background, let us now turn our attention to the light infantry division.

OPERATIONAL CONCEPT AND MISSION

The light infantry division is designed primarily for the low end of the spectrum of conflict.

Tasks portrayed here are most effectively performed by Army forces. In many areas of the world, as pre-crisis and low-intensity deterrent actions are effectively met at this end of the spectrum, the probability of action at the mid-high intensity portion of the spectrum will be significantly reduced.

The flexibility and deterrent capability of the light infantry division hinges on making the division light enough to deploy with speed and agility in a pre-crisis or low-intensity setting, yet keeping it robust and "tailorable" enough to remain survivable and useful when employed in a mid-to-high intensity scenario. Design principles for a new 10K division were provided by Army leadership in the fall of 1983 and are shown here.

Design guidance of approximately 10,000 soldiers and deployability in less than 500 C-141B sorties have remained unchanged. As some additional capabilities have been added to the division, the number of soldiers has increased to approximately 10,700 (with no further growth anticpated) but deployability in under 500 C-141B sorties has remained the standard. Deployability in 500 C-141B sorties has obvious implications for strategic deployability.

The mission of the light infantry division is to rapidly deploy to defeat enemy forces in low intensity conflict and when properly augmented, reinforce U.S. forces committed to a mid-high intensity conflict. The focus of Army doctrine, organization and training for the light infantry division is on the first part of this mission—low intensity combat and its inherent requirements for crisis intervention and contingency operations. To meet these requirements, the light infantry division must demonstrate a capability to deploy an effective combat force rapidly into a contingency area in support of national objectives. The following chart underscores the contingency crisis.

The first days of any crisis are critical. This is particularly true when the National Command Authority (NCA) determines that the use of military force is appropriate. This chart depicts graphically what we believe to be the relationship of forces and times to the crisis. As time passes and the crisis worsens, the risk that any use of military force will be unsuccessful grows dramatically. On the other hand, rapid introduction of a small military force may not lessen and, in fact, may escalate the crisis if the force is or is perceived to be too small to be effective. The NCR is faced, therefore, with a critial response window. Within this window a rapidly deployed, large, effective force may serve to defuse the crisis and avert further hostility. Outside the window, the force required for success may grow to a size which makes its arrival in time to be successful highly doubtful. The light infantry division is designed primarily for deployment in this critical response window.

With the light infantry division operational concept and mission in mind, let us briefly turn to the organization and equipment of the division and finally follow with a short discussion of the special tactics and training found in the division.

ORGANIZATION

The division is currently organized as shown below.

The core of the division is contained in the three infantry brigades, a division artillery, and a combat aviation brigade. Primary offensive weapons include the 105mm howitzer, TOW and DRAGON anti-tank systems, improved 81mm and 60mm mortars, and attack helicopters armed with a full range of weapons systems. Recent additions of a full Military Intelligence Battalion (versus a company), 60mm mortars in each infantry company, and an enhanced field feeding capability give the division additional flexibility. I will also add that the 7th Infantry Division (Light) at Ford Ord, our first light infantry division, is evaluating the possible addition of an 8-gun 155mm howitzer battery. This battery, if successful, would later be considered for addition to all light infantry divisions giving additional combat fire power. Finally, I want to highlight the fact that the division has organic tactical mobility to lift combat forces of one infantry battalion with helicopters and move combat forces of another with ground vehicles.

Combat support and service support in the division headquarters and division support command are austere but sufficient. The support structure can sustain the division for 48 hours without external assistance. Innovative support concepts and organizations have been designed to take advantage of the overall personnel and equipment reductions in the division, the increased use of technology, and commonality

of supported equipment. Like all Army divisions, the light infantry division will require extra Corps combat service support for sustained operations. Typical support units above the division level would include maintenance, transportation, supply and service, and ammunition support elements. The number and type of these units will vary depending upon the nature of conflict, availability of host nation support, air and sea resupply lines, and type units supported.

EQUIPMENT

The type and quantity of equipment for the light infantry division was constrained by the air transportability criteria for strategic deployment. Light weight systems capable of being deployed on strategic aircraft and, able to be displaced with division organic air and ground assets once deployed in an area of operations, are part of the division design. Another design characteristic is the commonality of vehicles, weapons systems and equipment found in the light division. This characteristic not only reduces logistical support requirements, streamlines maintenance operations, and simplifies repair parts storage and supply management, also reduces operator and maintenance training and simplifier the cross training of soldiers on various systems.

A comparison of equipment authorizations between the current infantry division and the light infantry division is shown below.

MAJOR EQUIPMENT COMPARISON

	Present Infantry Division	Light Infantry Division
Rifle	15,978 (M16)	9,434 (M16 & M16A2)
Antitank	321 Dragon	162 Dragon
	162 TOW	44 TOW
Helicopter	48 AH-1S	3 EH-60A
	90 UH-1H	29 AH-1S
	3 UH-60	36 UH-60A
		31 OH-58C
Artillery	72 (155mm)	54 (105mm)
	4 (8")	
Mortar	43 (4.2")	36 (81mm)
	72 (60mm)	54 (60mm)
	9 (81mm)	
Track vehicle	66 TANK	6 ACE
	163 APC	
Trucks	1083 HMMWV	312 CUCV
	511 5 Ton	870 HMMWV
	843 2½ Ton	304 5 Ton

The comparison reflects elimination of heavy equipment (e.g. tanks and armored personnel carriers), reduced quantities (reflecting lighter, infantry heavy units), and emphasis placed on commonality. From a support standpoint, this results in a reduction of support personnel, tools, test equipment, and repair parts. Shown below, is the fact that the new light infantry division has the highest tooth-to-tail ratio (fighters to supporters) of any infantry division.

TOOTH/TAIL COMPARISON

Division	Strength	Tooth/Tail
Light infantry	10,600	0.52
Airborne	12,800	.51
Air assault	15,400	.44
Infantry (RC)	19,200	
Motorized infantry	13,600	.38

The preponderance of equipment required by the light infantry division is standard throughout the force and in fact much of it is already on the ground. The primary sources of equipment for the light divisions will involve redirection of avail-

able assets as well as issuing previously appropriated equipment procurements such as the M939 series 5 ton truck, Night Vision Devices, and High Mobility Multipurpose Wheel Vehicles (HMMWV).

There are, however, selected equipment items that are in short supply throughout the Army. Examples of these items are shown below:

Armywide equipment shortage

Night vision devices: AN/AVS-6(V)-1; AN/PVS-5; AN/PVS-4; AN/TVS-5
5 ton trucks: cargo; drop side
Communication security equipment
Tactical trailers: ¾ ton; 1½ ton
6000 lb forklift
105mm Howitzer
Installation kits
Signal equipment

Where there are shortages the light divisions will be allocated equipment based upon the Department of the Army Master Priority List (DAMPL) and leadership guidance. In the event shortages exist that cannot be filled, authorized substitute equipment will be used until the required item is available. The extended activation and conversion schedule for light infantry divisions will limit the magnitude of redirection action in any one year. Since equipment status directly affects readiness, the Army will intensively manage the light division equipping process to ensure unit readiness is not degraded.

TACTICS AND TRAINING

Now let us turn to how we intend to train and fight the division. First, the light infantry division is not merely lighter infantry following normal infantry tactics. To be sure, the division will execute traditional combat missions (attack and defense) based on sound infantry principles. The difference in light infantry division tactics and training is not in the what but the how. A brief discussion will clarify.

The division's special tactics emphasize the uniqueness of the light infantry soldier—his elan, initiative, stamina, tenacity and will to win. Operations habitually center around small unit tactics. Independent, decentralized execution of missions firmly guided by complete understanding of the higher commander's overall plan are the norm. Light infantry combat methods rely heavily on stealth, infiltration, and the optimum use of close terrain and darkness. In the offense light infantry units combine proven tactics of fire and movement with surprise, detailed reconnaissance, indirect approach and masked conditions to overwhelm enemy resistance. In the defense, light infantry units remain offensively oriented and make maximum use of obstacles, terrain, concealment and depth to mold a battlefield which maximizes defender strengths and exploits attacker weaknesses.

Much of the training in light infantry divisions is designed to produce high performing small unit leaders and soldiers. The leader to led ratio in combat and combat support units is high and many are Ranger qualified (an intense, 9 week small unit leadership challenge). Squad leaders and above are taught to be fighters, leader, and tacticians and the battalion COHORT (Cohesion Operational Readiness and Training and operational assignments.

Leader training occurs at all levels. Light infantry division tactics and training have been integrated into all Army schools to ensure all those who may be assigned to a light infantry division or may be involved in its employment understand how to fight it. Further, all infantry unit leaders in the division attend a special four-week Light Leaders Course designed to teach the fundamentals of small unit operations and to develop esprit, cohesion and confidence within company-level organizations. The course trains trainers.

New soldiers designated for light infantry divisions are given extra training in fieldcraft, navigation, and marksmanship in their initial entry training. All light infantry division soldiers also complete a 5 day "Rites of Passage" as a part of a Light Fighter Course taught within each division. Further, all infantry battalions undergo 2-3 weeks of intensive small unit training taught by Light Fighter cadre. Incorporating testing, teaching and ceremony, graduation from this course signifies to the soldier his special status as a light infantry soldier and bonds him to his unit and his comrades.

Having established a basis for the division and provided some insight on its capabilities, let me now report the Army plan and status for incorporating the light infantry divisions into the Army force structure.

IMPLEMENTATION

The Army will have five light infantry divisions when activations and conversions are complete.

The initiative is spread over FY 85–88 and involves conversion of the 7th Infantry Division (FY85) and 25th Infantry Division (FY86) to the light design; activation of the 10th Mountain Division (FY88) and 6th Infantry Division (FY86–87); and activating the 29th Infantry Division (FY86–87) as a Reserve Component (RC) division from the 58th Infantry Brigade (Maryland) and 116th Infantry Brigade (Virginia). In addition, both the 10th Mountain Division (MT) and 6ID(L) will each be rounded out with one Reserve Component brigade (yet to be named). Current round-out units for the 7ID(L) and 25ID(L) will become round-up units and retain their current organization, Active Component training affiliation, and equipment priorities until new missions for them are developed.

These divisions are being built incrementally as resources (military end strength and equipment) from other force structure related actions and facilities are available at Fort Drum, New York and in Alaska. Only the 10MT is a completely new activation. Others are the result of conversion and reconfiguration of existing units. Manpower and equipment requirements are therefore significantly less than first impressions may reveal. In addition, the light infantry divisions will be brought on over several years as resources are available. In fact, permanent family and soldier housing will be the pacing factor for building both the 10th Mountain Division and the 6ID(L).

During the past two years, the Army deliberately reviewed its entire force structure to make the best use of the uniformed manpower available to the Total Army. Applying new procedures and technologies where appropriate, the manpower spaces needed for the new light infantry divisions were made available by streamlining tactical organizations and their related supporting units throughout the Army. Other efforts to reduce the non-tactical portion of the Army and to increase use of civilians, so as to best use uniformed manpower, are ongoing. These actions taken together form a set of interdependent decisions providing the military end strength required for the new divisions and other force initiatives (such as enhanced special operations forces). Because the overall end strength of the Active Army will not change as a result of light infantry division actions, there are no identified personnel costs. Further, the Army is committed to equipping the light infantry division within the current Procurement Total Obligational Authority; hence no overall procurement costs. There are however Operation and Maintenance, Army (OMA), Military Construction, Army (MCA), and Army Family Housing (AFH) costs identified with the light infantry division action. Many of these identifiable costs would be incurred, however, even in the absence of the initiative. For example, facilities necessary to house, operate, and maintain the Army at a level end strength are fixed. Because the light infantry division initiative is a redistribution of the existing force within this level end strength, much of the facilities requirement already exists as a backlog to the Army's construction program. Some additional facilities cost will be incurred due to increases in the number of command and control headquarters and because the utilization and location of existing facilities are not perfect matches to the location of units. These costs will be minimized, however, by close management. In the case of OMA accounts, only a portion of Base Operations, Real Property Maintenance, and communications costs unique to the build up at Fort Drum and in Alaska should properly be considered incremental; all other OMA costs would be incurred to support the soldier regardless of where she or he is stationed.

The construction estimates for 6ID(L) in Alaska are being refined. Before a more precise construction cost can be estimated, decisions must be made on 6ID(L) unit activation schedules, special equipment requirements for Alaskan operations, suitability of build to lease projects, the split of the Active Component portion of the division between Fort Richardson and Fort Wainwright, and the split of the division structure between Active and Reserve Components. Our work is ongoing to develop the best course of action for each of those decision factors. Likewise, the final resolution of construction costs for the 10MT at Fort Drum depends on ongoing analysis and decisions for the best financing and construction options. The Congress will be kept informed of our decisions and resulting resource requirements.

CONCLUSION

Much progress has been made since the Army introduced the light infantry division in the FY85 Budget. The 7ID(L) at Fort Ord is nearing completion of conversion to the light infantry design. Subsequent certification of the 7ID(L) organization and operational concept in FY86 will provide the blueprint for others to follow. Soldiers

and leaders are enthusiastic and morale is high as units are moving forward in training programs. The light infantry division initiative is taking shape in the Army school house, recruiting effort, and individual unit structure. To date, we like what we see and we are confident the final product will provide the capability at the lower end of the spectrum which will give the National Command Authority the additional flexibility and deterrent capability to preserve peace. We have appreciated this subcommittee's support in the past and look forward to it in the future—especially as we build facilities for the 10th Mountain Division at Fort Drum and the 6ID(L) in Alaska.

This concludes my formal remarks. I am prepared for your questions.

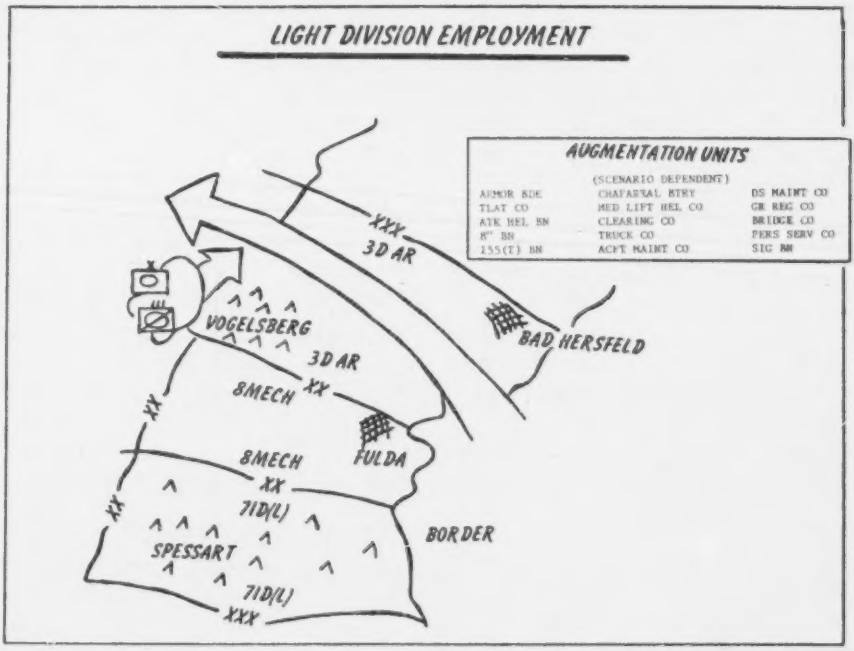
Mr. DANIEL. Thank you very much, General. Excellent explanation.

Before we commence with the questions, I ask unanimous consent that the questions which I ask General Greenway with respect to unconventional operations and his response be stricken from the record. Any objection? [No response.]

General, all of the common perceptions about the light division is that it is being tailored for use in low intensity Third World type operations. I understand that one division is being earmarked for NATO deployment. Since any major NATO conflict is bound to be high intensity and armor-heavy, how does the Army plan to effectively use a light division in that scenario?

General GREENWAY. Mr. Chairman, to address your question, I think that goes back to the term that I used in my opening remarks, and I'd like to key on one term to bring that back for us, and that is "versatility."

This division, although it was designed for light employment, I am convinced has excellent versatility in other environments, and I have a single chart that I would like to show you that I think can summarize that.



What you see on this chart is essentially the V Corps area of USAREUR, Europe, V being one of our two corps in Europe.

You see here the 3d Armored Division in the line. See the 8th Mechanized Division here, which normally has the larger area than this.

You see at the bottom of the chart, the Spessart Mountain Range, which is heavily wooded. It is rather treacherous terrain and you can see the employment of a second infantry division in there. I think this exemplifies how we would use one of the light divisions in a heavier intensity warfare.

We put it in an area first where it can be employed properly and take advantage of its strengths and limit its weakenesses You can either employ that division as an entire division here or you can take one of its light brigades and cross-attach it with the 8th Mech Division. Then you would have a mix perhaps to occupy some of that urbanized terrain with this light division. Again to maximize its capabilities, and what that does for you is to free up the mobile heavy brigade of the 8th Division to be able to use it offensively, like it is designed to be used, rather than defensively in a kind of set-piece operation.

So, I think that versatility, enables you to use your light infantry in terrain and in circumstances where you can deploy it most effectively, and what it does is free up your heavier forces to be able to conduct offensive operations.

I ought to, at the same time, talk to you about the augmentation units that are up here. You will hear it said that for this division to employed anywhere, it needs to have these augmentation units. That is true in some scenarios and others, it is not. In Europe, it

would be true, and I do not say they need all those units, but the corps commander has a lot of those units in his corps support packages that go with divisions. It is not only the light divisions that get that support, so do the armored divisions and the mech divisions. And, yet, this light division, if employed here, would require some of that corps support. So would the other divisions.

The light division would get its share based on the threat in this area, and what the timeframe is. I do not want to belabor that chart, Mr. Chairman, but I think that exemplifies how we think of the light division in our most intense scenario.

I could also give you another scenario in Southwest Asia or another place, where you would find that division employed. Versatility is the key.

Mr. DANIEL. You may want to expand on that a little for the record.

General GREENWAY. All right, sir.

[The following information was received for the record:]

VERSATILITY

The Army designed its Light Divisions for application primarily in low intensity conflict scenarios. Their rapid deployability enables them to arrive in a crisis area before a conflict begins. By demonstrating U.S. resolve and capability, they may well prevent the outbreak of war. This is particularly so where low to mid intensity conflict threatens, when their presence could decisively affect the outcome.

Light Infantry Divisions have utility for mid to high intensity conflict such as in support of NATO. From bases in the U.S. these divisions will be capable of rapidly reinforcing forward deployed U.S. forces. Light Infantry Divisions when employed to reinforce forward deployed forces in NATO would be used primarily to cross-attach with heavy forces on appropriate terrain, in the main battle area. Light infantry enhances the conventional deterrent by increasing NATO's ability to match forces to the terrain. Light infantry employed in difficult terrain frees mechanized and armored forces for employment elsewhere where their mobility and firepower can be used offensively for more decisive effect.

Upon arrival in Europe, the Light Infantry Division could be employed throughout NATO's area of responsibility. NATO's rugged northern and southern flanks are clearly areas where light infantry can be very effective. Furthermore, the Central Region which includes the North German Plain and the Fulda Gap, has many areas of rough, wooded terrain that is best suited to light infantry forces. All heavy division sectors in the Central Region can employ at least one light infantry brigade on appropriate terrain; other heavy divisions sectors could accommodate entire Light Infantry Divisions (approximately 30% of West Germany is forested terrain, 15% is urban, and wetlands raise the percentage higher).

Since light infantry units are employed in restricted terrain and are generally given missions to retain that terrain, their transportation requirements for trucks and combat vehicles are minimal. When cross-attached with heavy divisions, light infantry units receive support from the heavy divisions. One of our major force initiatives has been to shift assets to corps level so the Corps Commander can have the flexibility to augment with reinforcing and supporting units as needed. In Europe, this initiative provides additional artillery (both 8 inch and Multiple Launch Rocket System), air defense, attack helicopter, and combat service support battalions to the corps. The Light Infantry Division can expect to receive necessary support in Europe from these corps assets and also from the theater support base which includes both U.S. Army units and host nation support resources.

As discuseed here, the Light Infantry Division is versatile; it is both optimized for low intensity situations as a rapid deployment force, and also useful in an economy of force role in mid to high intensity conflict. The Light Infantry Division has the capability to execute the basic principles of the Army's Airland Battle doctrine across the spectrum of conflict, and adds a significant enhancement to the national deterrent posture.

Mr. DANIEL. General, most discussions I have heard about the light divisions, especially about the impact on personnel leaves me a little bit bewildered.

I do not understand how we are going to create five new divisions, light divisions, without having an enormous manpower impact. Talk to us about the tradeoffs, and how you arrived at this conclusion.

General GREENWAY. Yes, sir.

I would say to you here that, again, we have put together an entire fabric of the Army forces here. That is, as the Army of Excellence. We have changed the numbers and types of units at the corps level. We have revised the size and the capabilities in both our heavy and our light division, and we have provided the spaces there in order to do that, and in doing so, have made the whole more efficient, and it goes back to our AirLand Battle doctrine that I described in the first place.

When we first came out with a force structure to support the AirLand Battle it was called Army 86. That was a very rich support structure. That was what we thought we needed at the time. It was both at the division and the corps levels very well resourced.

As we began to experiment with the heavy divisions, particularly, in the field, organized along those lines, and designed along those lines, we began to get the sensing that the corps commander was the true focus of the AirLand Battle, that is to employ the doctrine, it was at the corps level where most of the force allocations were made, where much of the particularly deep battle was coordinated, where the rear battle imperatives had to be dealt with. And so, we began to have a feeling that we had put too much strength in the divisions and had not left enough strength for the corps commander, at his level, to influence the battle.

And, so, as we got into the Army of Excellence, we began to make some readjustments on force structure, in addition to bringing in the light infantry divisions. And we restructured not only at the light infantry divisions, but the heavy divisions in which we made some compensations, moved some elements to corps, and provided a small amount of spaces to assist in the light divisions.

I have a couple of charts. One on the increases that we put in, which is the direct part of your question, sir. Then, one that is the compensatory decreases that had to be made to weave this entire fabric.

What I would like to do is just show those two charts one at a time. I think it will explain that.

Mr. DANIEL. General, why do you not just provide this for the record?

General GREENWAY. I will be glad to do that.

Mr. DANIEL. It is going to require some indepth explanation, I am sure.

General GREENWAY. Yes, sir.

Mr. DANIEL. I believe it is better to do it that way.

General GREENWAY. I will be glad to do that.

[The following information was received for the record:]

MANPOWER TRADE OFFS

The following two charts depict the manpower trade-offs associated with creating the new light divisions. These charts demonstrate that the light initiatives are part of a total Army restructuring effort to provide a balanced force of heavy, light, and special operations units, organized to execute Airland Battle doctrine. This restructuring has been constrained by a fixed Active Component (AC) end strength so that any additions to the force structue must be offset by comparable reductions.

CHART ONE

NEW ACTIVE COMPONENT INITIATIVES

	FY 85	FY 86	FY87	FY88	FY89	FY90	FY91
REDUCE ES TO 781K	10.9	12.0	13.8	15.3	17.9	18.8	18.8
ACTIVATE 17TH DIV	.7	3.9	6.4	8.6	8.6	8.6	8.6
ACTIVATE 18TH DIV			2.6	2.6	2.6	2.6	2.6
LT FORCES INCREASES	1.2	1.6	3.0	4.0	4.0	4.0	4.0
HVY CORPS INCREASE	3	3.6	7.1	8.8	10.5	10.5	10.5
SOF ENHANCEMENTS	.7	1.4	1.8	2.7	3.3	3.6	3.6
MISCELLANEOUS	1.2	2.5	3.1	3.1	3.1	3.1	3.1
TOTAL	14.7	25.0	37.8	45.1	50.0	51.2	51.2

Chart One (New Active Component Initiatives) shows the major new AC initiatives and the associated manpower (in thousands). The first issue is the manpower cost required to reduce previously planned growth in the Army's end strength to constant 781K for all years. The next three initiatives support the activation of the 10th Mtn Div(L), the conversion of the 6th ID(L), and improvements in corps support for light forces. Heavy corps increases include the transfer of units from divisions to corps (field artillery, air defense artillery, etc) to support the increased emphasis on the Corps warfight. SOF enhancements include additional rangers, special forces and support elements to provide increased flexibility through added military response options to the National Command Authority.

CHART TWO

HOW TO PAY THE BILL

	FY85	FY86	FY87	FY88	FY89	FY90	FY91
ORGANIZATION MODERNIZATION							
HEAVY DIV	−10.3	−8.8	−13.6	−12.8	−13.6	−14.7	−14.7
LIGHT DIV	−2.2	−6.0	−12.5	−13.0	−13.0	−13.2	−13.2
ECONOMIES AND EFFIC		−2.0	−2.5	−4.8	−5.3	−6.3	−6.3
INCR RELIANCE ON RC	−2.0	−3.0	−6.0	−6.9	−8.2	−8.4	−8.4
REQ REDUCTIONS	−.2	−2.0	−2.7	−2.0	−2.3	−2.0	−2.2
TDA RED/CIV SUBSTIT	−.4	−.5	−3.6	−6.5	−6.5	−6.5	−6.5
OTHER ADJUSTMENTS			−.7	−1.1	−.7	−.7	−.7
TOTAL	−15.1	−22.3	−41.6	−47.1	−49.6	−51.8	−52

Chart Two (How To Pay The Bill) shows the AC initiatives to offset these increases. Organizational modernization includes streamlining heavy division (transferring assets to Corps, reduction in squad/crew size and elimination of selected functions), and savings associated with converting light forces to any new Army of Excellence (AOE) designs. Economies and efficiencies include application of technology to improve unit efficiency (especially communications and combat field feeding.) Transfer of unit missions from the AC to the Reserve Component (artillery, engineer, helicopter, and support forces) will free up spaces as well as modernize the reserves. The help offset the new initiatives, some AC requirements will be eliminated as a result of AOE designs and selected military support forces will be reduced through elimination, contracting of the support functions, or conversion to civilian spaces.

Mr. DANIEL. If we reach a point here where you think that the answer will require national security information, just say so and we will observe that, and go into executive session later.

General GREENWAY. Certainly.

Mr. DANIEL. Mr. Martin.

Mr. MARTIN. Yes; thank you very much, Mr. Chairman. I have been long awaiting this particular hearing.

Mr. DANIEL. I would think maybe you might have, sir.

Mr. MARTIN. It was somewhat better than a year ago when in front of the full committee, the Chief of Staff and the Secretary were talking about light divisions.

As you know, a number of places were vying to have a flag and it really pleased me to hear you say that there is some misunderstanding, even within the Army, as to what a light infantry division is; in fact that it is not just another division made light. And the more that we can all do to explain that to people, the better off we will be. There is something that struck me that—you said that

ultimately only the National Guard units would have divisions as configured now. Did I understand you to say that?

General GREENWAY. I think I was referring then to the standard infantry divisions that we have, sir. Before we got into the Army of Excellence designs, the 7th and the 25th divisions were what we called standard infantry divisions. That is, they had eight fairly heavy infantry battalions. They had a mechanized infantry battalion and a tank battalion as manuveur forces. Fairly heavy artillery, 155 throughout.

The Chief of Staff decided that for the Active Forces, we would supplant that kind of a design with the new light infantry design for all our light divisions, for all infantry divisions. We have done that.

He did not make that change, however, for five of those infantry divisions that are in the Army National Guard. One of them is the 42d Division from New York State. They are still in a standard infantry design and although we are now undertaking a modernization of that design, they will not go into this configuration; that is not planned.

We will keep those five divisions in the National Guard. They will stay in a relatively heavier standard infantry design, and we have no plan to convert those to light at this time.

Mr. MARTIN. But, all the active Army divisions ultimately will be light configured or different, in any event, from the standard——

General GREENWAY. From the standard. Sir, I was hesitating there a minute because we have the 2d Infantry Division in Korea that is also being redesigned and it is really kind of a hybrid division. It has got some heavy, some light elements.

Mr. MARTIN. And the year that that task would be completed as far as you know, would be when? All the changes?

General GREENWAY. To light infantry division? That really depends on the construction line up at Fort Drum because it will be the last one and it is dependent on that construction. We would hope 1988 or 1989.

Mr. MARTIN. Again, I just did want to say one thing and I hope you will excuse me, my colleagues, if it sounds parochial. As far as the efforts to this point at Fort Drum, I want to salute the Army in the way that they are working with the State and the localities in trying to expedite the matter.

While my predecessor and myself point out that we have 107,000 acres, and the greatest all-weather training facility in America, some people get hung up on the idea that it is somewhere near the Great Slave Lake, and that it is just winter, twelve months a year, and nothing could be further from the truth. We have the finest summer recreation and tourist areas right there, and it gives the troops excellent training and the versatility you talk about of four seasons.

I have a question here that is related to something you spoke about before. The Army reviewing a number of options to expedite the construction at Fort Drum, and I know there has been a lot of misinformation, a couple of bumper stickers have been thrown out as well. How is that is going to be expedited.

I wonder if you are in a position to explain what some of the alternatives are that you are looking at, and at the present time if there is any concrete proposal for financing construction.

CONSTRUCTION FINANCING AT FORT DRUM

General GREENWAY. Yes, sir. I think you are relating to the financing options for how we are going to capitalize, if you will, the facilities at Fort Drum.

As has been testified to previously, the military construction estimated costs for the facilities at Fort Drum are approximately $734 million. Our objective in looking at alternative ways to finance that project has focused on two creative approaches: the first is military construction appropriation methodology currently in place; the second looks at the use of private sector resources.

Our objective in using any private sector resources would be to gain through increased efficiencies and economies of scale, quality facilities, in the shortest period of time at the best cost to the Government.

That basically is the objective in that examination. With that guidance, we have been admonished by our leadership to be creative and innovative and not be tied down by traditional approaches As a consequence, we have developed four alternatives that are being examined even as recently as this morning with the Chief of Staff of the Army.

The first is the base case, which would be the traditional approach to military construction. We see that as something that would entail about 7 years of authorization/appropriation.

We see another approach, using extant military construction methods, however, this option would be construction paced as opposed to appropriation paced. That is, the Army would seek full authorization and incremental funding which would put us in a position from the Government's point of view to take significant advantage of economies of scale that would be available.

The third alternative is a hybrid of that approach, using private financing, linking operations and maintenance, and an instrument called "indexed leasing" in order to reduce the overall costs to the Government.

Those options are being pursued with seriousness. One of the fallouts, if you will, of the private financing examination that we have been looking into has put us in a position to collaborate with New York State and the municipalities to take advantage of an improved relationships to address the utilities at Fort Drum.

That has to do with the municipality asking for the authority to establish a regional development authority that would provide services not only to Fort Drum, but to surrounding communities as well.

What I am referring to primarily is sewage, solid waste removal, and possibly water treatment and distribution. We are pursuing that alternative with seriousness in cooperation with New York State and the municipalities.

The ultimate result of that, from our point of view, is a reduction in the MilCon bill for that facility of about $54.5 million. That's a significant savings.

Right now, the Army is defining better its 1987 to 1991 program. We are pursuing a 3-year construction-paced program simultaneously with examining the economies that can be realized by using private financing.

We would hope to have ourselves in a position to make a suitable recommendation to the Chief of Staff and the Secretary of the Army by early May as to which direction we ought to proceed with the Congress.

Mr. MARTIN. Thank you very much. My time has run short, Mr. Chairman, but I would like to say and extend an invitation. In February, we activated the 10th Mountain Division with all their proud heritage. We are most pleased in Gen. Bill Carpenter. Sports fans will recall, that as great as he was on the football field, his career in the military is really something. There is a guy who is ready to put on the field one of the finest divisions we have in the Army in a short period of time.

I would like very much to have the members of the subcommittee, as we break or recess or whatever, to come up and take a look at what they are doing up there. You would be very, very proud of their attitude and capabilities, and it will give you a little bit better understanding, when you see in the flesh, exactly what the differences are between the light infantry division and the division made light.

Thank you very much for the time.

Mr. HERTEL. We accept. July or February or both?

Mr. MARTIN. We would like to give you, Mr. Hertel, idea of all aspects. It will take four distinct different trips.

Mr. DANIEL. Mr. Hutto.

Mr. HUTTO. Thank you, Mr. Chairman.

General Greenway, in your statements, you indicate that some incremental O&M costs are going to be incurred associated with the creation and conversion of light divisions.

Could you provide for the record, if necessary, the best estimate of those costs over the current 5-year plan?

General WILLIAMS. Mr. Hutto, I would like to respond to that question. As we have testified previously before this subcommittee, we watch the O&M costs associated with light division initiatives very closely.

We define the incremental costs as being those costs incurred as a direct result of the activation of the particular division.

Let us take Fort Drum as an example. We laid out for you in our fiscal year 1986 request, costs to show what the total expenditure of Fort Drum would be, that amounted to $77 million.

Of that amount, $14 million has been identified as incremental costs. Those are the costs that are associated with upgrading the communication systems, contracting some medical support, and those things that are necessary to get the division going.

The other costs would have been incurred because they were associated with the soldiers at other locations.

Mr. HUTTO. OK. That is O&M?

General WILLIAMS. That is O&M. Climbing to $26 to $30 million, 1987 through 1991.

Mr. HUTTO. Gentlemen, in your statements, you indicated that the 7th Division is evaluating the addition of an eight gun, 155-millimeter howitzer battery.

Why would a light division need a 155-howitzer battery and would this increase the strength of the division? I know you indicated it would make it nuclear capable.

Is that the main reason for it or what?

General GREENWAY. No. The main concern is extended range for the artillery. The 105 has a more limited range. Also——

Mr. HUTTO. Is that classified or could you give us the——

General GREENWAY. The differences in ranges? It is not classified. I would have to ask one of my artillery experts to give you the specifics. We can get that for you this afternoon.

HOWITZER RANGES

The maximum range of the M102, 105mm howitzer is 11,500 meters. The maximum range of the M198, 155mm howitzer is 30,000 meters.

That is one of the main reasons there is an increased range in the 155. Also, of course, the projectile is larger, and it is a much more effective round at the terminal end. So, we feel that it is important to have those kinds of capabilities, and there may be some tradeoff between the additional lift that that would take, 150 or so additional soldiers that would be necessary to do it, to provide that battery and the battlefield return you would get with that additional range and the additional firepower that it would give you at the other end.

Mr. HUTTO. Would you anticipate that each of the five divisions would be equipped with 155's in the future or just some of them?

General GREENWAY. It will depend on the outcome of the evaluation in the 7th Division, sir. If that looks good, then, it seems to be worth the tradeoff, then, I would envision that that would be—the 155's would probably go into the other divisions as well.

Mr. HUTTO. Thank you. Thank you, Mr. Chairman.

Mr. DANIEL. Mr. Whitehurst.

Mr. WHITEHURST. Thank you, Mr. Chairman.

General Greenway, when you were going to the slides, at the very, very end, you said and I cannot recall the precise words, something about there could be some difficulties as we go along the way before you were finally got these four Active and one Reserve divisions in place and structured as you wish.

What are some of the problems that you anticipate? I mean, like what, for example?

General GREENWAY. I think the equipment is one. As I indicated, those shortage items are going to have to be redirected from other areas in the Army.

As an aside, I am the chairman of the General Officer Steering Committee on the Army staff for the light infantry divisions. We meet once a month. Most of the problems that come to us there have to do with that redistribution, redirection of equipment.

There have not been a lot of items, but there are some. We have had to, just for the 7th Division already, make a redirection in radios, for instance.

I think we can handle that, again, because we have the time to do it. Certainly, the additional facilities required for the two divisions that are new. The 10th Division and the 6th Division in Alaska will be considerable hurdles to overcome, in which we are going to require the best of planning, and which we are going to have to have the assistance of both the Department of Defense and the Congress to bring those off in a reasonable amount of time.

Oddly enough, we have not had significant problems with the manning on these divisions. I say oddly enough, because as we sat down and did the planning for them, we felt with the increased numbers of certain MOS's we might see a difficulty there.

We have not experienced that in particular. I do not know whether that is just—we can take a little credit for some good planning. Certainly recruiting command has done a fine job, and we have not had experience with much in the way of personnel problems. So I see a problem only with equipment and facilities.

Mr. WHITEHURST. Well, the commitment is there. That is the essential thing. This is something that, top to bottom, the Army wants, and you are pushing forward with it.

Also in your statement, you describe the typical organizational units which make up a light infantry division. It was a very interesting briefing, and I am glad I was here.

You mentioned rangers. What about Special Forces units? Would they be integrated, and, if so, how?

General GREENWAY. No, sir. Categorically, Special Forces units would not be integrated within the light infantry divisions. Those are—their missions are special operations, and they would be confined to the groups that we have them in now, although we will have increases in the amounts of special forces that we are putting into the program over the out years.

Mr. WHITEHURST. Recognizing the differences between the light division and a conventional division, you noted the tooth-to-tail ratio which is very favorable in the case of a light division.

Any possibility of applying the same standards or whatever technique you use to achieving the same goal with a regular division?

General GREENWAY. Yes, but in a different way, sir. We are coming to some realizations now that we have put a level end strength on ourselves, that there are efficiencies to be made and we are vigorously pursuing those in terms of combat service support.

We are much more resolute, I think, now that we've come under this realization, in terms of the requirements for host nation support. We are going overseas to defend people in countries over there, and we need to demand a greater level of support from those countries that we go to defend.

We are also within our own combat service support organizations, bringing out some logistics unit productivity improvements, using equipment instead of people. You know, we do that. We mechanize. We automate in industry, and we throw people out of jobs, and we have a big problem with that.

There is no reason we should not be doing the same thing in the services, not to throw people out of jobs, but to economize on the manpower costs. We are going at that with a vengeance. The DCSLOG of the Army is responsible for that. The U.S. Army Logistics Center down at Fort Lee is in the forefront of that, in trying to

make—to get better payoffs with equipment and technology versus this continual requirement for manpower.

So, I think we are making those kinds of efficiencies for the other divisions in that way as well as trying to do as well as we can to make the right ratio of support for combat. When you are supporting heavy forces, you just need a lot of combat support.

Mr. WHITEHURST. I understand that. One last question.

You had a number of sorties, air sorties, required to move a light division and other mechanized units.

Of course, you were using C–141's. Recognizing that the C–5 has certain limitations on where it can land, is there any application for C–5?

General GREENWAY. Oh, yes, sir. Absolutely. In fact, I used that C–141B as a measurement. It is a way to normalize a unit uplift only, and of course, when the Air Force is called upon to make a deployment, they would use a mix of aircraft in reality.

They would use C–5A's, 141's.

Mr. WHITEHURST. Which would dramatically change those numbers.

General GREENWAY. Oh, yes, sir. Again, these are just charts.

Mr. WHITEHURST. Sure. Thank you, Mr. Chairman. That is all.

Mr. DANIEL. Mr. Ray.

Mr. RAY. Thank you, Mr. Chairman. General, good to have all of you here today.

You mentioned the hurdles on the divisions 6 and 10 that you might incur in the funding, I suppose, for housing and military construction. Is that mostly the hurdles that you are referring to?

General GREENWAY. Well, the equipment and in the facilities, yes, sir.

Mr. RAY. Do you have kind of a fallback position if you do have a temporary hurdle there that takes 1 year or 2 to get over? Like, I know, for instance, the Senate has already worked on military construction to the tune of about $65 million over in their committee. And, of course, we are getting rumblings from our Budget Committee that they are talking about a nominal freeze, maybe that plus. But if we get into real problems, where are you going to go? Do you have a fallback position? Are you going to spread some of the troops out for a while, or——

General SCHROEDER. The facilities acquisition strategy is the key to the troop activation line that has been established. The Chief of Staff and the Secretary of the Army, we think, made a very wise policy decision when they directed in December that the availability of housing and the providing of services to the families and the soldiers is what would pace the arrival of the soldiers and their families.

We see that time line as progressing in consonance with the activation schedule that has been established, and we are confident that, given the priority that the establishment of the 10th Mountain Division has within the Army, we are going to resource it properly to bring those facilities on line to allow that kind of an activation schedule to be achieved.

To that end, we have, in our program, identified that priority over the course of the next 3 years.

Mr. RAY. Well, I wish you well. I'm going to do everything I can to support you. But in the event you do have a slowdown, say in construction, you are going to move ahead in some fashion or are you just going to wait until you get the funds?

General SCHROEDER. If it impacts on arrival of families and services provided to families we will probably slow the activation schedule.

Mr. DANIEL. Mr. Sweeney.

Mr. SWEENEY. I have no questions, Mr. Chairman.

Mr. DANIEL. Mr. Martin, do you have anything?

Mr. MARTIN. No, not at this time. Just to thank the chairman and thank these folks. I have had the opportunity to deal with them on a regular basis now.

I just cannot express how proud I am of their activities on behalf of this 10th Mountain Division.

Mr. DANIEL. General, you state in your prepared statement, initial figure of 10,000, to a current strength of 10,700. Would you elaborate on that and give us your rationale for that change?

General GREENWAY. The original strength, Mr. Chairman, the design strength was about 10,200. It is up to about 10,700 now. That came in three major increments.

The largest one was in terms of a military intelligence battalion. On the chart, I showed you a battalion of 313 spaces. Originally, the military intelligence component of that division was only a company and it was in the reconnaisance squadron.

So in reevaluating the intelligence needs of the division, given again our doctrine, we revised that figure upward and we do require a battalion there to do that kind of work, and, so, that resulted in about a third of that total. We also, in the original design—sir?

Mr. DANIEL. I commend you on that change.

General GREENWAY. Thank you, sir.

Mr. DANIEL. I think it is imperative.

General GREENWAY. Additionally, in the original design, the 60-millimeter mortars were just placed in rifle squads and they were not individually manned. In other words, they were kind of a take along weapon.

In looking at how we fight those and being able to employ those effectively, the realization came on that it was not prudent to do that, that we needed a trained, dedicated crewmember for those 60-millimeter mortars, and, so, that resulted in additional increment of spaces to do that.

Additionally, we depended on a very austere field feeding system in our initial design. It was too austere, and we do not feel that we could support our troops properly with that kind of a field feeding system, and we had increased some numbers, by some number, the number of cooks in the division to be able to handle that.

Those were the major reasons that the strength has increased on up, and, of course, the 155 battery, if we add that, would bring us up all the way to the 10,700 number.

Mr. DANIEL. One additional question.

In a recent interview Assistant Secretary of the Defense Korb expressed concern about rounding out light divisions with National Guard brigades, indicated that doing so may impede rapid deploy-

ment of the light divisions in question or force them to deploy with only two brigades.

Since it is commonly assumed that light divisions are fast response outfits, the time of their arrival is critical for effective crisis management, why is the Army rounding out these divisions?

General GREENWAY. Mr. Chairman, when we began the design of these divisions, it was not our intent to have to round any of them out. That was again something we found we had to live with when we found out what our personnel resources were, and the number of divisions that we felt it was important to have in the structure to bring us to a 28-division Army.

And so, we took that on as a necessity. Beyond that, all of our divisions will not be rounded out, as I indicated, and we will have the 7th and the 25th that will be full up three-brigade divisions, not rounded out, and they will be able to deploy in full, immediately.

The 10th Mountain Division and the 6th are the two that will be rounded out. We feel that the 10th and its roundout brigade, when it gets that brigade, can be made into a top flight team; that we will be able to mobilize that Reserve component brigade, and be able to do it on a timely time schedule just as we can on our other reserve component roundouts.

Of course, that will require at least a callup or a mobilization situation to get that in, but we are confident we will be able to get that brigade in shape to be able to deploy quickly.

If we had to deploy before we were in that kind of a situation or if mobilization is not called, then, yes, that division could deploy with two brigades. It could also pick up a brigade from another division on the way, and take it along.

With regard to the 6th Division, the 6th Division mission is different than the others. The 6th Division in Alaska has primarily a theater-defense mission, and would not be called upon to deploy rapidly in any case.

So, I do not feel that really it applies to the 6th. Really part of the problem applies mainly to the 10th, and I think we can work that out and have a good means to deploy that anyway.

Mr. DANIEL. Mr. Martin, do you have any additional questions?

Mr. MARTIN. No.

Mr. DANIEL. Mr. Whitehurst, do you have any additional questions?

Mr. WHITEHURST. No, sir.

Mr. DANIEL. Mr. Ray.

Mr. RAY. No, sir.

Mr. DANIEL. I have one additional question.

There is a lot of uncertainty about the budget this year, as you know, General. It would seem that the Army would have to carefully reevaluate all of its current programs and initiatives.

For example, a smaller O&M budget in the out years would have to support modernization decisions that have already been made, meet fixed requirements, and cover the incremental costs associated with the initiatives. Initiatives like the light divisions.

What special problems is this going to create for the Army, and do you foresee it having an impact on the implementation of light division initiatives?

General WILLIAMS. Mr. Chairman, I would like to respond to that question, and I should say, from the outset, I welcome the opportunity to respond because obviously the O&M growth level is very important to us.

As you know, the O&M account is so dependent on the amount of growth in order to sustain the modernized equipment and the rest of the initiatives we have in the Army.

We have very little flexibility, as we have testified before this committee, about 84 percent of our O&M appropriation is considered fixed. Therefore, we have just a small amount of flexibility. The modernization effort is tied, as you well know, to fiscal year 1984, and fiscal year 1985, procurement buys.

Therefore, what we do in fiscal year 1986, and, to some degree, in 1987, is sort of given as you stated in the outset.

There would be problems associated with maintenance and repair if the O&M growth was reduced significantly. The committee has been very favorable through the years in considering Army needs. We would have problems with the support for the family dimension of our business but the Army is committed to the light division initiative.

We would find a way to make the light division initiative go. While realizing that there would be considerable hurt to the other initiatives that we are committed and have no choice but to support, the bottom line, Mr. Chairman, our ability to sustain the Army would be significantly reduced.

Mr. DANIEL. All right.

Mr. RAY. Mr. Chairman.

Mr. DANIEL. Yes, of course.

Mr. RAY. General, when we talk about private financing of military construction, which the DOD is thinking about in all the branches now, isn't that coming out of O&M funds? Aren't we going to have to pay the lease payments to private financing from O&M?

General WILLIAMS. Mr. Ray, as it stands right now, the Army leadership is not requesting the O&M appropriations to pay the lease costs.

Mr. RAY. What budget would it come from?

General SCHROEDER. If I could interrupt my colleague to respond. We were discussing that point this morning, as a matter of fact, in terms of a strategy as to how you would do that in order to assure congressional oversight of such a program. Right now, our thinking is that if that eventuates, we would see it being treated as a separate line in the MCA appropriation request in order to show and to provide oversight to the Congress of how we would be paying for military construction, if we used private financing.

Mr. RAY. This is a new—that is a departure from DOD's present policy, though, is it not? Don't they pay it now out of O&M?

General SCHROEDER. Sir, I cannot respond to how the other services pay for those kinds of leases, but one of the things that we have learned in our research since December, is that No. 1, a tax-leveraged lease per se is not applicable to the financing arrangement that we are seeking here.

To that extent, we would see it as a basis to pay for military construction as opposed to giving an entrepreneur a tax advantage. That is not operable.

That is why we would see it as a line in the MCA bill.

Mr. RAY. I guess why I am concerned—the way I am concerned is, where we are going to get the funds? Where are we going to appropriate them, authorize them from? Which committee and——

General SCHROEDER. We would see that operating under the auspices of the MilCon Subcommittee. And we would see it as a separate line item in. Our interest there is to make sure we preserve the congressional oversight over military construction. That is why we see the linkage as being there.

Mr. RAY. It would come from the military construction funds?

General SCHROEDER. Yes, sir.

Mr. DANIEL. Mr. Eastman, do you have any questions?

Mr. EASTMAN. No, sir.

Mr. DANIEL. There is one other question that I think should be asked. Now, I will just submit this for the record. It has to do with the light divisions, and since we are expanding the SOF and the ranger units, creating the light division, I just wonder whether this is going to create a leadership drain or not.

In the past, you know, it has been thought by many that when we do this, when we have this number, that most of the brightest would choose to go into these units and whether or not that would have any effect on our conventional or more conventional forces.

Address that for the record for us, will you, if you see any danger of that. I am not sure that there will be, but give us a rather comprehensive review of that for the record.

General GREENWAY. Yes, sir. We will be pleased to do that.

[The following information was received for the record:]

No. During the period when we activated the 7th Light Infantry Division we monitored closely the readiness report of all our units. There was no decrease in readiness, in fact there was an overall 5% increase of units achieving satisfactory personnel readiness ratings. CONUS based units of FORSCOM enjoyed the greatest improvement by increasing personnel readiness by 9% during the period.

In forming the cadre for new units, there is an overhead personnel cost but it is minimal per battalion. Improved MOS management to include reenlistment, promotion policies and distribution procedures have enabled the Army to meet these challenges and improve personnel readiness during this critical period. To meet these increased requirements ranger training will be increased in the next several years which will not only serve the Light Units but the overall Army by creating an enlarged base of these highly trained soldiers. The important point is that the NCO gets some superb training which results in improved retention and readiness.

Mr. DANIEL. Any other questions? [No response.]

[The following questions were submitted to the witness to be answered for the record:]

DOES INFANTRY REALLY MEAN FOOT SOLDIER?

Mr. DANIEL. General Greenway, my district is perhaps more Navy oriented than Army—and my personal military experience was also Navy—I have what I guess is a basic Army education question. In your statement you indicate that approximately 10,600 personnel are planned for a Light Infantry Division. You also indicate that the Division will have almost 1,600 helos, trucks, and jeeps or approximately 7 folks for each helo or vehicle. What exactly does "infantry" in Light Infantry Division mean?

General GREENWAY. A division's designation usually connotes the primary type combat force in the division. For example, armor, airborne and air assault divisions

have, respectively, tank, parachute and helicopter borne combat forces. Certain anomalies exist, such as the mountain and cavalry divisions; they are named for heraldy and lineage and not type combat force. In the Light Infantry Division (LID) the name is descriptive of a rapidly deployable (light) force of foot soldiers (infantry). These foot soldiers are united with an array of other combat and support systems in a complete, integrated combined arms team—the LID. One feature of the LID is that the infantry is not entirely restricted to foot; sufficient helicopters and trucks are available in the LID to maneuver combat elements of two infantry battalions simulaneously on the battlefield. Not all the vehicles in the LID should be used for troop movement however, as this would severely restrict the operation of the combat support and supply systems in the LID.

Air Deployability

Mr. Daniel. General Greenway, in your statement you indicate that the Light Infantry Division is air deployable in less than 500 C-141B sorties. How many sorties would it take if you substituted C-5's for C-141's?

General Greenway. The number of sorties has not been calculated for C-5A aircraft. In our quantitative approach to comparing air lift requirements for various forces, the C-141B is the standard unit of measure; our computerized air loading model is geared to that aircraft. It is strictly for purposes of comparison that C-141B sortie requirements are calculated. In actuality, force deployment would be accomplished by a variety of aircraft in the mix considered best suited to the variables of airfield capabilities, travel distance, fueling points, weather and so forth.

Added Costs Associated With Light Divisions

Mr. Daniel. General Greenway, in your statement you indicated that even though there probably won't be any greater procurement costs as a result of the creation of the Light Infantry Divisions, you do indicate there will be added O&M, MILCON, and Family Housing costs. Can you give us some estimate—even a ballpark figure—of what the added costs will be. And if you can't, when will that information be available to the Congress?

General Greenway. There are some Operation and Maintenance, Army (OMA), Military Construction, Army (MCA), and Army Family Housing (AFH) costs identified with the Light Infantry Division activations and conversions. The FY 86 request currently before Congress has the following costs by LID in millions of dollars.

[In millions of dollars]

	OMA	MCA	AFH
LID:			
6th	15.3	14.0	
7th	13.5		
10th MTN	94.0	3.0	67.5
25th	6.5		

The size of the 10th MTN Division OMA costs relative to the size of other LID OMA costs is a function of the fact that Fort Drum is being expanded to a new active Army installation and all OMA costs associated with this expansion are new. The incremental OMA costs of the 10th MTN division in FY 86 are only $14.2M.

With regard to construction Alaska construction requirements have not been finalized. At Fort Drum, the MCA funding requirements are estimated at approximately $740M. MCA and AFH are not required for the conversion of the 7th or 25th LID.

AFH for the 6th LID has not been finalized. At Fort Drum, AFH for the 10th MTN division is estimated to cost $173M. Additionally, Section 801 and state initiatives, in conjunction with AFH, are an integral part of the overall housing program.

Mr. Daniel. Well, General, I want to thank you. You made a splendid witness. We appreciate your attendance here today along with your colleagues. The subcommittee stands adjourned until Thursday, April 18, at 2 o'clock, tomorrow, and this will be regarding environmental restoration.

Meeting is adjourned.

[Whereupon, at 3:35 p.m., the hearing was adjourned, to reconvene Thursday, April 18, 1985, at 2 p.m.]

DOD ENVIRONMENTAL RESTORATION PROGRAM

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
Washington, D.C. Thursday, April 18, 1985.

The subcommittee met, pursuant to call, at 2 p.m., in room 2212, Rayburn House Office Building, Hon. Dan Daniel (chairman of the subcommittee) presiding.

STATEMENT OF HON. DAN DANIEL, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. DANIEL. The subcommittee will be in order.

Today the subcommittee will continue its review of the Defense fiscal year 1986 O&M request. This afternoon's hearing is the second of two general oversight hearings on the Department of Defense's Environmental Restoration Program.

As the members will recall, 2 weeks ago, the subcommittee received testimony from a number of our colleagues about the need for more vigorous and coordinated efforts by DOD to address the problems associated with cleanup of toxic waste at military installations.

Today we will hear from Department and service representatives. Our primary witness will be Mr. Carl Schafer, director for environmental policy, Office of the Assistant Secretary of Defense.

Mr. Schafer, your reputation and commitment to environmental issues precedes you, and we are glad to have you with us today.

As was clearly evident in earlier testimony, these hearings are indicative of widespread congressional concern about protecting the environment and growing support for efforts to clean up toxic waste sites before they become major health hazards.

Equally evident was a shared determination that the Department of Defense should be a full and responsible partner in this effort. Although there is room for further improvement and many tough issues remained to be resolved, I am encouraged by DOD's growing responsiveness to these concerns. The increasing emphasis the Department is placing on environmental restoration is beyond dispute. Especially gratifying is the creation of an Environmental Policy Division to coordinate efforts in that area. Equally important, the level of cooperation between DOD and the Environmental Protection Agency has never been better.

The $329 million being requested for environmental restoration in fiscal year 1986 is not going to satisfy all requirements, but it seems to be a responsible level of funding that can be effectively executed.

Despite the budgetary storm clouds looming on the horizon, I think I can speak for my colleagues in saying that the subcommittee intends to fully support this request.

At the same time, however, we must remember that when it comes to environmental restoration, we are looking through a glass darkly. The problems of toxic waste cleanup are extremely complex and their long-term implications only partially understood. Moreover, the technical feasibility of many cleanup proposals have not yet been validated.

Under the circumstances, we must be careful not to commit ourselves to funding targets that cannot be responsibly executed. The same goes for deadlines that cannot be met. I believe that we should proceed with all deliberate speed in search of permanent solutions and not the hasty pursuit of interim fixes.

In addition to these uncertainties, the legislative proposal before the committee raises a number of complex technical and policy questions that range across a number of accounts and subcommittee jurisdictions. Therefore, I intend to suggest to the chairman of the full committee that a special working group or panel be formed to examine these issues and develop a consistent committee position on these measures.

In this way, I would hope that we would be able to draw upon the technical expertise and unique perspectives needed to draft the most effective and realistic legislation possible. Furthermore, I believe that this approach would expedite the committee's consideration of these proposals.

Mr. Schafer, you can see that we have a pretty full plate before us and hope you address some of these issues this afternoon. We would also invite your active participation and counsel as we continue our consideration of environmental restoration issues in the weeks ahead.

Mr. DANIEL. Mr. Whitehurst.

STATEMENT OF HON. G. WILLIAM WHITEHURST, A REPRESENTATIVE FROM VIRGINIA, RANKING MINORITY MEMBER, READINESS SUBCOMMITTEE

Mr. WHITEHURST. Thank you, Mr. Chairman. I'd like to join you in welcoming Mr. Schafer.

As the chairman indicated, this is the second hearing our subcommittee has held this year on the DOD Environmental Restoration Program.

In the first hearing 2 weeks ago, we received testimony from a number of our colleagues in the House. That testimony has helped to reinforce what many of us understand, and that is, environmental restoration is not a simple issue.

The complex technical problems, to say nothing of the policy questions, make this an issue which must be carefully addressed. To be sure, it's an issue of great importance and one which needs to be dealt with expeditiously.

However, we must not let our sense of urgency override dealing with the varied aspects of the issue in the most effective and realistic manner possible. I fully support our chairman's suggestion that we need a special working group or panel to examine the issue and

develop a consistent committee position on any proposed legislation.

In our first hearing, I believe it was Congressman Ray who said that few DOD programs have come so far so fast or have generated as much interest as this one. We really have come a long way from no program 3 years ago to one with $329 million funding in the fiscal year 1986 request.

As I said in my opening remarks 2 weeks ago, the Defense Department is to be commended for recognizing the situation and assuming an aggressive role in dealing with its environmental problems.

So I look forward to Mr. Schafer's testimony this afternoon and hope his Department keeps up its good work on this important program.

Thank you, Mr. Chairman.

Mr. DANIEL. Thank you, Mr. Whitehurst.

General, we're glad to have you with us again—General Schroeder—and Mr. Vest, and Mr. Sterns. We're very happy to have you gentlemen with us today.

Mr. Schafer, why don't you just proceed as you desire.

STATEMENT OF CARL J. SCHAFER, DIRECTOR OF ENVIRONMENTAL POLICY, DEPARTMENT OF DEFENSE, ACCOMPANIED BY BRIG. GEN. DANIEL R. SCHROEDER, DEPUTY ASSISTANT CHIEF OF ENGINEERS FOR FACILITIES AND HOUSING, DEPARTMENT OF THE ARMY

Mr. SCHAFER. Thank you, sir. I appreciate that very much. It's a pleasure to come before you today.

I would introduce my backup witness, Brig. Gen. Daniel R. Schroeder, who is the Deputy Assistant Chief of Engineers for Facilities and Housing, Department of the Army.

With your permission, sir, a full statement has been submitted for the record.

Mr. DANIEL. Without objection, it will be received for the record.

Mr. SCHAFER. Thank you.

I have a few short remarks to kind of frame the subject, and then we'll be happy to answer your questions and deal with other issues.

I'd like to just begin by responding to your invitation to support the activities of a working group. I believe that that is a very useful concept, and certainly to the extent that our technical insights and other considerations might be useful, we'd be most happy, I believe, to participate with you.

ENVIRONMENTAL RESPONSIBILITIES—DOD

One of the things that we lose sight of sometimes and I'd just like to make a brief reference to are the scope, in fact, of the environmental responsibilities of the Department of Defense.

With over 2 million employees and with 24 million acres of forest and fields, the Department has a vested interest, and a long-term, deep-seated interest, in the quality of life and the protection of the environment.

We have extensive forest management programs, natural resource management programs, that in fact return a profit to the Treasury. We also have extensive expertise in programs in the management of pests, especially as they do damage to people, warehouse items, and buildings.

Finally, of course, in the past 15 years, the Department, like all the rest of the United States, has moved to comply with the requirements of the Clean Air Act and the Clean Water Act.

Just to illustrate the Department's commitment to meeting the requirements of the Clean Water Act, for instance, installation of the necessary waste water treatment facilities required expenditures of military construction funds in the neighborhood of $1.1 billion to comply with those requirements. An additional $400 million of military construction funds were spent to comply with air pollution abatement requirements.

So the point is that this is another program where the Department has recognized the need to move ahead, and it is completely in context with the Department's performance in the past on environmental protection requirements.

With respect to the Hazardous Waste Cleanup Program, let me point out briefly that in fiscal year 1984, with the appropriation of $150 million, the program was both expanded and accelerated.

The program, overall, is for the purpose of managing, disclosing, and cleaning up hazardous waste and unsafe buildings on active, inactive, and formerly used lands.

In fiscal year 1985, the amount appropriated was $314 million; and, as you have stated, the amount requested in fiscal year 1986 was $329 million.

There are four primary elements to this program. One is called Hazardous Waste Disposal Operations, and that simply deals with the contractual hauling and disposal of current generations of hazardous waste.

In the context of the fiscal year 1985 program, that program cost about $35 million.

The second is called the Building Demolition and Debris Removal Program and is more accurately the program wherein we deal with cleaning up contamination and unsafe and unsound buildings on lands no longer under the jurisdiction of the Department of Defense.

In fiscal year 1985, that program will run in the vicinity of $60 million.

Third, we do have a provision for the general research and studies that provide us the cost-effective technology standards development for our military-unique pollutants and contaminants for recycled reuse and other types of waste generation avoidance programs that we have in progress.

In fiscal year 1985, that program is in the vicinity of $19 million total.

INSTALLATION RESTORATION PROGRAM

Then, of course, the fourth element is the Installation Restoration Program, which is the Hazardous Waste Cleanup Program in

fact. That program is in the vicinity of $200 million in fiscal year 1985 and envisioned to be in that general area for fiscal year 1986.

I'd like to spend just a moment dealing with the subject of the Building Demolition and Debris Removal Program, which deals with properties no longer under the jurisdiction of the Department of Defense.

I've alluded to cleaning up hazardous waste sites on those properties that are the result of our own activities in the past. In order to characterize that for you briefly, where facilities that were necessary in the past for one reason or another have been deactivated and have been abandoned, vandalism in some cases, especially of electrical equipment, has resulted in contamination with PCB's for instance, and we have to go in and clean those up.

Second, we do have a number of facilities that were constructed during the mobilization for World War II and for other purposes following that period that are accessible to the public and are severely deteriorated in condition and are, in fact, a public hazard. In those areas, too, we can and do go in and clean them up.

One of the more interesting areas——

Mr. DANIEL. Excuse me, Mr. Schafer. Before you leave that point, what are we talking about here insofar as numbers of sites are concerned?

I mean I'm very familiar with this, because we just had one down in my district that you cleaned up for us, and everybody is very happy with it.

I just wonder, what are we really talking about here insofar as overall size and numbers are concerned?

Mr. SCHAFER. This is a new program area, and we're in the process of accepting nominations to the inventories, if you will.

Right now, we have 2,100 sites identified on the inventory. We expect possibly 100 to 150 of those sites to turn out to require some active form of remediation or cleanup.

The unknown in this program are the former ordnance ranges. The subject here, of course, is unexploded ordnance, and, in fact, there are situations—there was one in the newspapers a couple of years back in the State of California where some children were injured or killed because they got on to such a former site and picked up something they found.

There, too, we're in the process of inventorying through the National Council of Governors, through the Federal community, especially the Department of the Interior, and at this stage of the game, something over 5 million acres have been identified as potential. Here, especially the technology is limiting, and we have not yet identified exactly what our strategy will be.

To the extent that underground detection of ordnance and whatnot, it's pretty much limited to the pace and scope of a walking person. Our effort there, in cooperation with EPA, who have a similar interest in underground drums, is to accelerate the development of the state of the art and see if we can't come up with some ways to reduce the cost impact of that type of cleanup program.

Obviously, there are other considerations and other possibilities depending, I would think, on just how badly contaminated it might be, what the geography of the terrain might be, and especially where it's located. Those that are located close in to population

centers are of quite a bit more concern to us, I would think, than those that are farther out.

While I'm on the subject of studies in cooperation with EPA, having mentioned it, I would like to just point out that we have a very close and dedicated effort to cooperate with those folks and to be sure that they are comfortable with everything that we are doing. There are a number of areas in which we are working together.

One of the things in that arena that escapes notice because of our familiarity, I suppose, with the program is that although the Department of Defense, like other Federal agencies, is required to meet the technical requirements of the Superfund Act, we do not receive any funding from the Superfund itself.

Therefore, in order to facilitate the relationship with EPA and the States in deciding who is supposed to do what at what particular stage, and given our assumption of responsibility—I shouldn't say our assumption of responsibility; I should say simply our responsibility for cleaning up our own sites—we have signed with EPA a memorandum of understanding.

This memorandum of understanding simply identifies the administrative, procedural, and jurisdictional relationships that exist, especially when, in tracking down a contamination problem on a military installation, it turns out that contamination has migrated off base.

Another area in which we are working closely with EPA is in the area of research and development. I have already mentioned the work on underground metallic objects for detection and retrieval, but we're also cooperating with them in a number of other areas, including incineration technology development, standards of development to the extent that we are able to supply them data that they can use in their regulatory process and the search for more cost-effective and innovative cleanup and disposal hazardous waste management technologies and techniques.

One of the last things that we want to do is reinvent the wheel and especially to not be up to speed if there are better solutions available than we are ourselves aware of.

I'd like to turn for a moment to the status of our program in the Department of Defense.

Early on, the Department identified the need to assess our condition. That being the case, with 911 major military installations in the continental United States, they were first screened for probable cause, if you will, and slightly over 400 installations were identified at which further studies would be advisable.

We progress in those studied in a four-phased approach which is substantially the same, although of course we use different language—as EPA's own process for evaluating hazardous waste cleanup sites.

The first phase is a record search and conduct of interviews with employees and anyone else who has information. All possible sites are identified for the record there and followed up.

Those that turn out, in fact, to constitute a really likely source of contamination then are studied in clinical and analytical detail in the phase II or confirmatory studies.

We have a phase III, which is optional, depending upon whether or not technology or standards need to be developed to assist in the cleanup of a particular site that's gone through the process that far, and then, of course, phase IV, which is the actual cleanup process itself.

Let me add parenthetically that this cleanup process includes the remedial action planning which involves local, State, and community input; then the technical design; and then finally the execution of that project.

With the increased spending in fiscal year 1984, our phase II studies in progress doubled, and our phase IV cleanups in progress tripled. The impact of those higher levels of funding were immediate and clear-cut.

We have finished, in fact, the phase I studies at 356 installations. We will finish the balance of the phase I studies within the next year or two. The phase II studies, the confirmation studies, again, we have doubled the number, as I have said.

There are 123 phase II studies in progress as of the first of this current fiscal year. In the phase IV cleanup programs, we have cleaned up, 24 sites, and we have 38 in process of being cleaned up at this time, and the remaining 27 of those that have been that far through the process either have been or will have been started by the end of this fiscal year.

Let me add here that we are continually reassessing our program, and we add back to our inventory of installations that need to be looked at those that, on review, we decide might have been done initially so early in the process that later developments indicate the need to go over them again.

Furthermore, we add to the inventory the sites from the former sites program that should go to it. Our current number is 473 installations and facilities in our inventory.

Mr. DANIEL. Mr. Schafer, we are going to have to recess for a few moments. We have two votes. So I would assume it would be about 15 minutes.

Mr. SCHAFER. Thank you.

[Recess.]

Mr. HUTTO [acting chairman]. The Subcommittee on Readiness will resume its sitting.

Mr. Schafer, you may continue with your statement.

Mr. SCHAFER. Thank you, sir.

I only have a couple of more remarks to finish up with.

EVALUATION OF SITES

One of the points that I wanted to assure the committee is that during the course of this rather methodical evaluation of these sites, including the four-phased approach, the removal actions which are taken to stabilize the release circumstances at any given site—removal actions take place at any time during that process.

If we become aware of leaking drums or whatever, we take those actions at any time during the process. We don't wait to finish up all the details of the studies and whatnot.

The studies themselves lead ultimately to a long-term remediation program which is of a highly technical engineering and scientific nature.

The only other point that I wanted to make is that we have estimated—and interest has been generated in the figure—$5 to $10 billion as the probable cost of the total cleanup as we understand it now.

The point I wanted to make is that $5 to $10 billion figure should not be compared to any of the numbers that are currently being talked about with regard to the reauthorization of Superfund; they are technically different numbers.

The EPA's activities under Superfund and our activities under our program are quite different with regard to funding source in that the Department of Defense has to pay the total cost of cleanup; there are no private parties responsible, nor are there any State contributions to our program, as there are for Superfund activities.

Second, we're responsible for cleaning up all of our sites, not just those that, in EPA's case, are on the national priority list.

Finally, there are a great deal of uncertainties associated with the cost of cleanup, how many sites we will ultimately identify, how clean is clean, and how many former sites especially will be identified. Therefore, this number is very highly particular to the defense needs alone.

With that, sir, I would like to simply state that we're working hard. We feel that we're making progress. We're very interested in getting on with the mission.

With that then, I would like to end my comments and take the questions.

[The statement of Mr. Schafer follows:]

PREPARED STATEMENT OF CARL J. SCHAFER

INTRODUCTION

Good morning, Mr. Chairman and members of the Committee. It is an honor and a pleasure to appear before you to review the progress the Department of Defense (DoD) has made in our environmental protection programs in the last four years.

In my testimony this morning, I will place the total DoD environmental program in perspective, and then focus on the Defense Environmental Restoration Program which was established in Fiscal Year 1984.

DEFENSE ENVIRONMENTAL PROGRAM SCOPE

The Department of Defense's environmental program includes three principal areas: pollution abatement, natural resources management, and pest management. The pollution abatement area focuses on compliance with all federal environmental laws and regulations as well as on waste stream reduction. Figures 1 through 3 place DoD's pollution abatement activities in perspective. During the past decade we have invested almost $1.5 billion in Military Construction on air and water pollution abatement projects. This investment has resulted in 100% compliance for our major air pollution sources and 86% for our major water pollution sources at the end of fiscal year 1984. Conversely, our Military Construction investments in hazardous waste storage and disposal site cleanup to date have been very small and essentially limited to a few conforming storage facilities and two waste treatment projects at the Rocky Mountain Arsenal.

We manage 24 million acres of land for all compatible uses. Our goal is to conserve and protect these lands while simultaneously obtaining maximum economic use of the lands. All installations have natural resources management plans which integrate complementary land uses compatible with our military mission. During the past two years, we have increased policy guidance and program monitoring aimed at prolonging and

FIGURE 1

MILCON AIR POLLUTION ABATEMENT PROGRAM

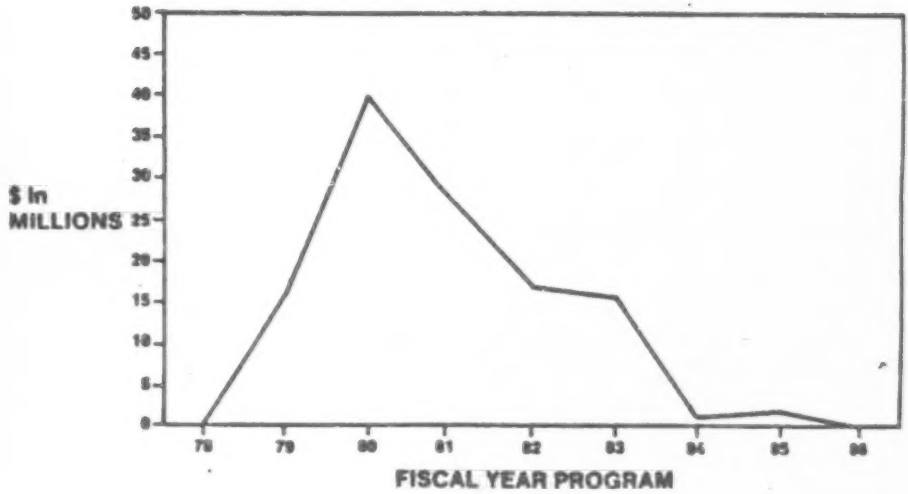


FIGURE 2

MILCON WATER POLLUTION ABATEMENT PROGRAM

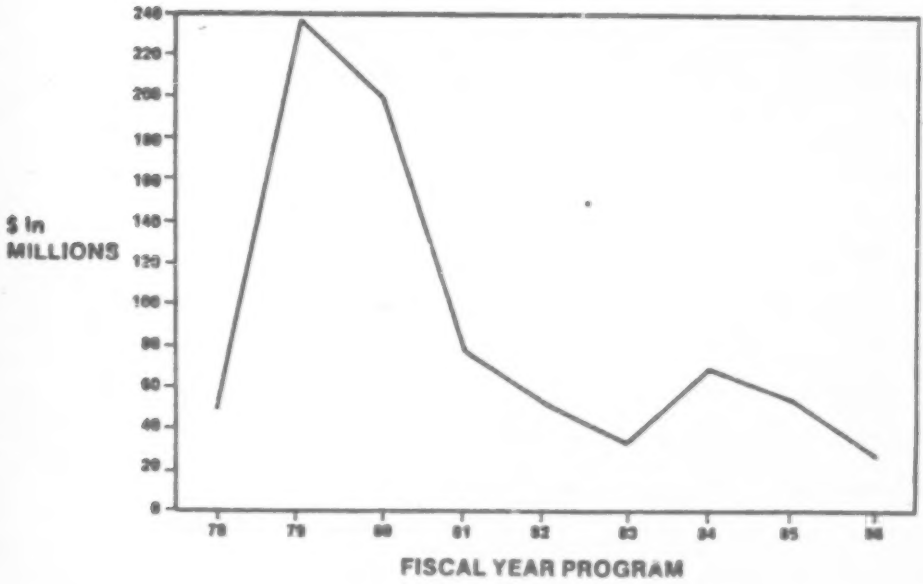
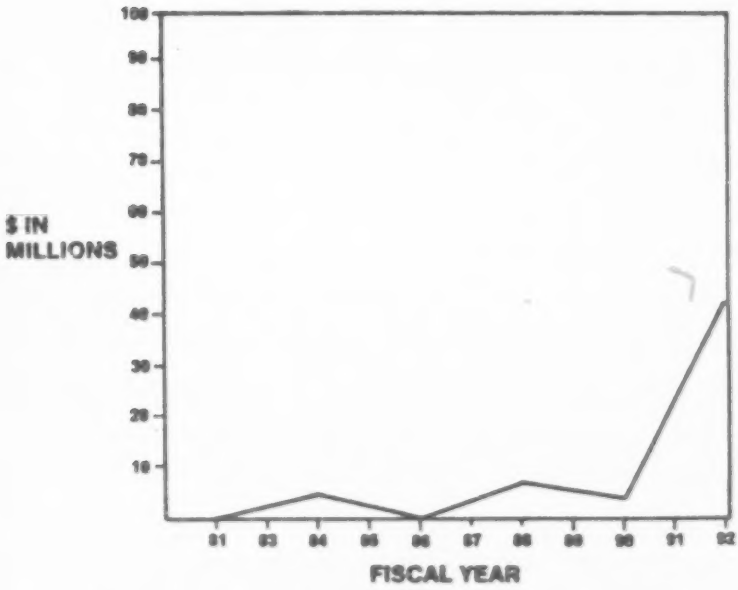


FIGURE 3

MILCON HAZARDOUS WASTE PROGRAM



diversifying our use of public lands. We request no special appropriation to accomplish these goals. Instead, we finance our needs from O&M appropriations supplemented by income from sales of forest products, hunting and fishing fees, and agricultural outleases. In Fiscal Year 1984, we sold $14 million worth of forest products, we distributed $1.4 million to host states, and deposited $1.4 million in the Treasury. We also collected $15 million in cash and services from agriculture outleases, and about $1.5 million in outdoor recreation user fees. All of these proceeds are spent on maintenance of and improvements to natural resources.

The Pest Management Program protects DoD personnel from disease and our property from damage. We apply the best available scientific technology to the challenge of monitoring disease vectors all over the world, and protecting about $350 billion worth of facilities and stored products from pest damage. We are leaders in this area. Our Armed Forces Pest Management Board and our Aerial Spray Flight capability are high-value national resources. Board meetings are regularly attended by

Department of Agriculture, Environmental Protection Agency (EPA), and Department of Health and Human Services people. The work of the Pest Management Board and Defense health professionals is responsible for our leading position in the assessment and control of indoor air pollution problems due to the termiticide, chlordane, and other pesticides.

DEFENSE ENVIRONMENTAL RESTORATION PROGRAM

Of particular interest are the Department's programs to manage and clean up hazardous waste. In Fiscal Year 1984 Congress consolidated and expanded these programs as a separate appropriation entitled The Defense Environmental Restoration Account under the Defense Appropriations Act. Specifically the Congress provided authority for the Department to spend money on lands not currently under DoD custody or on which DoD had conducted operations at some time in the past and caused a problem requiring cleanup. This funding level allowed us to accelerate our work and also to add a research and study component to the program. In Fiscal Year 1985, $314 million were appropriated and additional language was added to provide programming flexibility by allowing us to spend the money during the fiscal year on our most important projects without being bound by expenditure rate requirements.

I will now review the program's four elements and our plans to carry out the work they encompass.

A. Installation Restoration

The first of the four elements is the Installation Restoration Program to identify and clean up hazardous waste disposal sites on both active installations and formerly used lands. This program responds to the requirements of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), commonly known as "Superfund." As you know federal agencies are not eligible routinely to receive funding under this Act for response actions, but must comply with the cleanup requirements described in the Act. We have been funding cleanups from our operations and maintenance or

NAVAIR CORE LOGISTICS ACTIVITIES

FUNCTION		NAVAIREWORKFAC's AUTHORIZED POSITIONS/BILLETS*													
CODE	DEPOT LEVEL MAINTENANCE	ALAMEDA CA		CHERRY PT NC		JACKSONVILLE FL		NORFOLK VA		NORTH ISLAND CA		PENSACOLA FL		TOTAL	
		CIV	MIL	CIV	MIL	CIV	MIL	CIV	MIL	CIV	MIL	CIV	MIL	CIV	MIL
K531	AIRCRAFT	3409	13	2335	0	2477	2	2882	1	3956	1	3588	34	18647	51
K532	ENGINES	340	0	565	0	435	0	862	0	565	0	0	0	2767	0
K533	MISSILES	177	0	0	0	0	0	46	0	0	0	0	0	222	0
K546	AUTOMATIC TEST EQUIPMENT	40	0	26	0	66	0	272	0	179	0	28	0	611	0
K548	GROUND SUPPORT EQUIPMENT	142	0	49	0	150	0	136	0	409	0	15	0	901	0
	TOTAL	4108	13	2975	0	3128	2	4197	1	5109	1	3631	34	23148	51

* Data taken from authorized civilian/military columns of FY-84 Commercial Activities Inventory.

Enclosure (1)

DEPARTMENT OF THE NAVY
NAVAL AVIATION LOGISTICS CENTER
PATUXENT RIVER, MARYLAND 20670

IN REPLY REFER TO
323/4800/16223
30 AUG 1983

From: Commander, Naval Aviation Logistics Center, Patuxent River, Maryland 20670
To: Chief of Naval Material, Navy Department, Washington, DC 20350
Via: Commander, Naval Air Systems Command, Washington, DC 20361

Subj: OMB Circular A-76 Depot Maintenance Core Exclusion

Ref: (a) OPNAVINST 4850.6C
(b) CHNAVMAT ltr Ser 00/0753 of 25 Jun 82
(c) COMNAVAIRSYSCOM ltr Ser 094B of 19 Aug 82
(d) CHNAVMAT ltr 01MIC/ALL Ser 382 of 5 Oct 82 w/endorsement
(e) NAVAVNLOGCEN ltr Ser 2111B/4850/2438 of 1 Dec 82 w/endorsement
(f) CNO ltr Ser 443D/3U392333 of 29 Jun 83

Encl: (1) A-76 Decision Summary
(2) A-76 Functional Analysis

1. Reference (a) identifies depot maintenance functions and in accordance with OMB Circular A-76 establishes a process for exempting these functions from cost study if required for national defense. Reference (b) provided guidance and requested submittal of aeronautical depot maintenance (ADM) core requirements. The response provided in reference (c) described the ADM Combat Support Baseline Plan through which the ADM core resource base required for national defense is identified. Reference (d) requested clarification and subclassification of ADM functions, and reference (e) provided the required response in terms of functions as delineated in reference (a). Enclosures (1) and (2) are submitted to fulfill the requirements of reference (f), which requested a listing, with rationale, of CA functions which provide the core depot maintenance capability (ready and controlled source of technical competence and resources) for peacetime, mobilization, and sustained combat readiness.

2. The NAVMAT approved Baseline methodology, through which the ADM functional resource base was defined, was developed in accordance with DoD 4151.1. The Baseline process is founded upon the DoD priorities of initial readiness, mobilization surge, and wartime sustainability, the three elements required for national defense. Assumptions used in the Baseline plan are based upon current defense guidance, CNO guidance, and fleet wartime operations plans.

3. In response to reference (f), enclosure (1) provides a summary of the decision process used to review all ADM functions at the level required by reference (a). First, those direct production line functions identified by the Baseline plan as the ADM resource core essential to provide wartime readiness and mobilization surge were placed in the A-76 "K" series category; second, those functions which are in direct support and non-separable from the "K" functions and are therefore equally essential to preserving the readiness/mobilization base were identified; and third, functions considered inherently governmental in nature were placed in the A-100 category. Finally,

ENCLOSURE (2)

The remaining functions were identified as candidates for A-76 cost study. Because NAVAIREWORKFACs are tenants at Host Naval Air Stations, no Base Operations Support (BOS) functions are accomplished by the NAVAIREWORKFACs; rather, all BOS support is provided by the Host activities through extensively detailed host/tenant agreements.

4. Enclosure (2) provides analysis and rationale to support exclusion of the three categories of functions described in the preceding paragraph. Numbers provided in the enclosures are approximations of magnitude. More precise numbers will be submitted by 31 March, 1984, as requested in reference (f).

C. J. MOORE

A-76 DECISION SUMMARY

FUNCTIONS	BILLETS		JUSTIFICATION
"K" Functions	15,584		Direct production line process. Readiness/mobilization base.
"K" Support Functions	7,774	CORE	Direct support of production line. Critical to mobilization effort, including direct support of forward deployment. Inseparable from NARF work processes. Readiness/mobilization base.
Core	23,358		
A100	1,207		Inherently governmental in nature.
NARF Non-studiable	24,565		
A-76 Cost-Studiable	331		Does not surge in wartime. Separable from NARF work processes.
Total NARF Population as of August 1983	24,896	BILLETS	

Enclosure (1)

FUNCTIONAL ANALYSIS

CATEGORY	FUNCTION TITLE	WARF BILLETS*	RATIONALE/JUSTIFICATION
A-100	Command Staff		Inherently governmental in nature (OPNAVINST 4860.6C, para 110).
	Security Management (excludes guards and police)		
	Legal		
	Personnel		
	Public Affairs		
	Safety		
	Education & Training (Training administration)		
	Travel		
	Administrative Support (Forms issue & control, paycheck distribution and correspondence control)		
	Management Methods (Management procedures & methods development & analysis. Organizational analysis & position management. Systems policy and management).		
	Finance		
	Performance Review (Review of policy execution and recommended corrections).		

*Approximation based on automated skills listing. Precise numbers will be provided in March 1984 Review Sheets.

103	Navy Primary Standards Lab	(A-100 exempted by CNO ltr Ser 44305/391143 of 12 Mar 82)
	Receipt Control	
	TOTAL	1,207 *Billets

*Approximation based on automated skills listing. Precise numbers will be provided in March 1984 Review Sheets.

FUNCTIONAL ANALYSIS

CATEGORY	FUNCTION TITLE	MARF BILLETS*	RATIONALE/JUSTIFICATION
A-76 Studiable	Technical Libraries	87 *	Not essential for national defense; separable; cost-studiable.
A-76	Visual information	7	"
A-76	Word Processing	16	"
A-76	Mail & Messenger	45	"
A-75	Guards (Moratorium)	31	"
A-76	Custodial	35	"
A-76	Motor Vehicle 1/ Ops (Light truck)	94	"
A-75	Refuse Collection	16	"
A-76	TOTAL A-76 331 Billets Cost Studiable 87 * (Fed Fld)		

→ 2nd

*Approximation based on autovated skills listing. Precise numbers will be provided and March 1984 Review Sheets.

1/ Maintenance of vehicles provided by host station motor pools.

FUNCTIONAL ANALYSIS

CATEGORY	FUNCTION TITLE	TOTAL NARF BILLETS*		RATIONALE/JUSTIFICATION
National Defense - Core	Quality & Reliability Assurance	918		National Defense: Direct support of production line. Integral element of readiness/mobilization base. Contributes key personnel to field teams and other forward deployment efforts in wartime.
			ALSO:	A-100: Direct interaction with production personnel. (Authorized to pull certification stamp and direct necessary corrections). Approximately 50% of total Q&RA personnel establish NARF QA policy. Investigate customer complaints and establish NARF Q&RA policy. Non-Separable: Essential work process of NARF. Safety of flight items requires 100% Q&RA verification.
National Defense - Core	MIF stores 2/	425		National Defense: Manages, plans for, orders, stores and issues change kits, material and repair kits, including government furnished items. Supplies production line and feeder shops with new material, as required. Preserves and packs items ready-for-shipment. Must have this organic
	Preservation & Packaging 3/	191		

...f Stores and Preservation & Packaging cont.)		Core capability in place to meet mobilization surge. Inability to meet surge requirements will disrupt, constrict or paralyze production line processes. Must be retained as a "ready and controlled resource (DoDD 4151.1)." Must be able to meet sizeable and unpredictable surges in workload during wartime or contingency operations. The quantity and type of material will change radically and unpredictably in mobilization because of fluctuations in the product mix. This cannot be forecasted. It is essential that a controlled resource base be maintained for mobilization. These functions are critical parts of an assembly-line operation. Failure to perform will mean the NARFs cannot fulfill their wartime mission.
	ALSO:	A-100: Direct interaction with NARF employees. Non-separable: Essential, non-separable work process of NARF.

2/ This is not warehousing, which is done by the host supply operation. This is sorting and distribution of material to meet short term production requirements.

3/ This is not preservation of airframes, but preservation and packaging of component product workload.

..tional Defense - Core	Production Planning & Control	3,355		National Defense: Exercise direct control of production line. Establish workload schedules. Determine scope of rework. Correlate workload requirements to production capacity. Coordinate inductions with Fleet. Integral element of readiness/mobilization base. Provides key personnel to field teams and other forward deployment efforts in wartime.
			Also:	A-100: Interprets and initiates planning and policy instructions. Determines program priorities. Plans and develops future and immediate material requirements and manages material in support of direct production programs. Non-separable: Integral part of production process.
National Defense Core	Production Engineering	1,399		National Defense: Direct support of - production line. Integral element of readiness/mobilization base. Provides logistics support to field teams and other forward deployed elements in wartime.
			ALSO:	A-100: Provides intermediate and long-range planning. Translates policy into planning and execution. Non-Separable: Integral part of production process.

nal ense core	Production Line Equipment Support	1,319	National Defense: This is direct support of production line equipment and industrial machinery and excludes maintenance of plant facilities and other base operations support, which are provided by the host stations under existing host/tenant agreements. This function manufactures, repairs, modifies, adapts and installs sophisticated production line equipment, such as numerically controlled and computerized machinery. This requires precise, technical skills not readily available on a short-term basis. Performance of this function requires technical knowledge and, more importantly, specific knowledge of unique depot production equipment. This function sets up new production lines and modifies existing ones on an unspecified basis. (Long-range overhauls and renovations are handled by contracts). Must be able to provide quick response and must surge in wartime in proportion to the rest of the NARF. This is an essential element of a "ready and controlled organic resource base (DoDD 4151.1)."

...duction Line Equipment Support cont.)			ALSO:	A-130: Close, working relationship between this function and production line personnel. This function constructs special molds/equipment/devices on the spot in conjunction with verbal requirements of production personnel.
			ALSO:	Non-Separable: Integral part of production process.
National Defense - Core	Tool Room	170		National Defense: Direct support of production line to meet frequent, unpredictable requirements. Initiates manufacture/supply of special tools, as required. Repair and calibrate all production-oriented tools including sophisticated numerically controlled and ATE tooling to support multi-functional production machinery. Determine special tooling requirements for sophisticated manufacture/repair operation. Manufacture new tools as required.
			ALSO:	A-130: Direct, continuous interaction with production line personnel to meet unpredictable, urgent tool requirements. Review production job packages and determine specialized tool requirements in close cooperation with engineering/shop personnel. Initiate procurement of new tools.

Non-Separable: This is not a simple receipt and control operation but an integral part of production line support, an essential work process.

SUB-TOTAL "K" Support Functions — 7774 Billets

FUNCTIONAL ANALYSIS

CATEGORY	FUNCTION TITLE	TOTAL NARF BILLETS	RATIONALE/JUSTIFICATION
National Defense - Core	K-531 A Airframes	3,443	Direct production-line function. Element of readiness/mobilization base.
"	K-531 B Components	8,126	"
"	K-531 C Modification Installation	1,298	"
"	K-531 D Aircraft Support Services	1,435	"
"	K-531 E MESO/WSSD	2,658	"
"	K-531 F Calibration	797	"
"	K-532 Engines	1,257	"
"	K-533 Missiles	59	"
"	K-546 ATE	137	"
"	K-548 GSE	355	"
TOTAL "K" Functions		15,594*	

BILLETS:	
"K" Functions	15,584*
"K" Support Functions	7,774*
DEPOT READINESS/MOBILIZATION CORE	23,358
A-100 Functions	1,207*
TOTAL WARF Non-Studiable	24,565
A-76 Studiable	331
WARF Population August 1983	24,896

DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
WASHINGTON D.C. 20362

IN REPLY REFER TO
4860
Ser 073/936
DEC 1984

From: Commander, Naval Sea Systems Command
To: Chief of Naval Operations (OP-04)
Via: Chief of Naval Material (MAT-09)

Subj: CORE MOBILIZATION INDUSTRIAL REQUIREMENT FOR DEPOT LEVEL MAINTENANCE BY NAVAL SHIPYARDS AND NAVAL ORDNANCE ACTIVITIES

Ref: (a) NAVSEA ltr Ser 455/073 of 19 Aug 83
(b) CNM First Endorsement of 31 Aug 83 on COMNAVSEASYSCOM ltr 07/JCM 4860 Ser 455/073 of 19 Aug 83
(c) CNM ltr Ser 1000 of 19 Sep 84
(d) VCNM oral direction to NAVSEA at 17 Oct 84, end of FY 84 CA Program briefing

Encl: (1) Summary - Changes to Naval Shipyard Functional Categories Affecting Depot Maintenance Core Exemption Request
(2) Revised Listings of Core, Governmental and CA Functions for Naval Shipyards (Tabs K, M and O of enclosure (1) to reference (a))
(3) Revision to Naval Ordnance Activity Commercial Activities (CA) Program Definition and Identification of National Defense Core Requirements (Enclosure (2) to reference (a))

1. The purpose of this letter is to update, modify and resubmit COMNAVSEA's reference (a) request for Depot Level Maintenance Core exemption from Commercial Activities (CA) Program study.

2. Reference (a) submitted COMNAVSEA's request for Depot Level Maintenance Core exemption. CNM forwarded the request by reference (b) and recommended approval. Since the reference (a) submission, significant experience has been gained in preparing for and conducting studies of functions that were considered suitable for CA study in reference (a). This experience has lead to identification of several functions that were incorrectly classified in reference (a). Reference (c) requested COMNAVSEA to modify and resubmit the Depot Level Maintenance Core exemption request reflecting the functional changes contained in reference (c). Reference (d) directed COMNAVSEA to review and update its reference (a) Depot Level Maintenance Core exemption request to include all changes considered appropriate by COMNAVSEA. This letter responds to references (c) and (d).

Subj: CORE MOBILIZATION INDUSTRIAL REQUIREMENTS FOR DEPOT LEVEL MAINTENANCE BY NAVAL SHIPYARDS AND NAVAL ORDNANCE ACTIVITIES

3. The actions requested by references (c) and (d) have been completed with the following results:

a. Six Naval shipyard functions listed in reference (a) as CA functions need to be reclassified as either Core or Governmental functions. Five of the six function changes have previously been requested and three have already been approved by CNO. None have been disapproved. Enclosure (1) lists these six functions and provides the background and justification for each change.

b. The number of people performing each function listed in reference (a) needs to be adjusted. After a year and a half's experience in planning for or conducting studies of most reference (a) CA functions, NAVSEA is able to more accurately identify the meaning and therefore the number of people performing each function than was possible when reference (a) was submitted.

Enclosures (2) and (3) provide updated listings and personnel counts for NAVSEA Depot Level Maintenance functions originally provided by reference (a), as modified by enclosure (1), in the same format as reference (a). Many of the changes in numbers of personnel have been previously reported by NAVSEA, endorsed by CHNAVMAT and approved for cost study by CNO.

4. This letter, with enclosures (1), (2) and (3), constitutes the updated modification and resubmittal of NAVSEA's reference (a) Depot Level Maintenance Core Exemption as requested by references (c) and (d).

J. C. McARTHUR
Rear Admiral, Supply Corps, United States Navy
Deputy Commander for Industrial
and Facilities Management

SUMMARY

CHANGES TO NAVAL SHIPYARD FUNCTIONAL CATEGORIES
AFFECTING DEPOT MAINTENANCE CORE EXEMPTION REQUEST

BACKGROUND AND JUSTIFICATION

FUNCTION No.	TITLE	COMNAVSEA LETTER	CNM ENDORSEMENT	CNO APPROVAL	REMARKS
T999E	Supply Material Identification	SER 0731/446 03 JUL 84	01M11/SER 244/84 11 AUG 84	SER 443D3/4U385666 04 SEP 84	Discussion Attached
T999F	Supply Material List Screening	SER 0731/446 03 JUL 84	01M11/Ser 244/84 11 AUG 84	SER 443D3/4U385666 04 SEP 84	Discussion Attached
U600	Skills/Career Management (Civ. Ed. & Training)	SER 13/073 13 JAN 84	01M11/JET, SER 1-98/84 24 JAN 84	SER 443D4/4U383410 14 MAR 84	Discussion Attached
K534J	Propeller Center (PHILA)	SER 0732/469 21 JUN 84 SER 0731/524 07 AUG 84 SER 155/073 19 MAR 84	SER 09/1000 19 SEP 84	--	Discussion Attached
T999G	Supply ILS Execution (PHILA)	SER 0731/517 07 AUG 84	SER 09/1000 19 SEP 84	--	Discussion Attached
T801A	Storage and Warehousing Receipt	This letter initiates NAVSEA action		--	Detailed examination of this function indicates it is Governmental in nature. Discussion attached.

Enclosure (1)

1175

SUMMARY
(Continued)

CHANGES TO NAVAL SHIPYARD FUNCTIONAL CATEGORIES AFFECTING DEPOT MAINTENANCE CORE EXEMPTION REQUEST

Recategorization of CA Functions:

T999E - Supply Material Identification. Detailed review of this function indicated that it was performed in the naval shipyards as an integral part of the procurement and contract administration function which had previously been categorized as a Governmental function. CNO ltr 4860 Ser 44303/4U385666 of 4 Sep 84 approved reclassification of this function as Governmental.

T999F - Supply Material List Screening. Detailed review of this function indicated that it was performed in the naval shipyards as an integral part of the procurement and contract administration function which had previously been categorized as a Governmental function. CNO ltr 4860 Ser 443D3/4U385666 of 4 Sep 84 approved reclassification of this function as Governmental.

U600 - Skills/Career Management (Civilian Education and Training); Trades Training (Apprentices). Review of this function revealed that the personnel involved were performing Governmental duties in management of the Apprentice Training Program in naval shipyards. CNO ltr Ser 443D4/4U383410 of 14 Mar 84 approved reclassification of the function as Governmental.

K534J - Propeller Center (NAVSHIPYD PHILA). Detailed review of this function indicated that it was a unique function for the manufacture and repair of Navy propellers. The Propeller Center at Philadelphia Naval Shipyard is a consolidated facility which represents the Navy's only modern capability to manufacture sophisticated propellers as part of the mobilization base. CHNAVMAT ltr Ser 09/1000 of 19 Sep 84 requested CNO to defer the CA Program Study of this function pending NAVSEA action to include the Propeller Center as part of the Naval Shipyard Depot Maintenance Core.

T999G - Supply ILS Execution (NAVSHIPYD PHILA). This function is performed in most naval shipyards on a decentralized basis as an inseparable part of the engineering portion of Depot Repair to Ships (K534). However, at Philadelphia this function is consolidated into a distinct organization which performs the function on a centralized basis. This function was thoroughly reviewed to determine if it could be

subjected to competition without adversely impacting on shipyard readiness. This review indicated that the function remains an integral part of the ship overhaul process (K534) even though it is performed on a centralized basis. NAVSEA ltr 4860 Ser 0731/517 of 7 Aug 84 forwarded a request for approval to reclassify the function as a Core Function and CHNAVMAT ltr Ser 09/1000 of 19 Sep 84 stated that the function was considered integral to the Depot Level Maintenance Mission and requested deferral of the study pending NAVSEA action to include it as part of the Naval Shipyard Depot Maintenance Core.

T801A - Supply Receiving. This function should be exempt at all shipyards based on the fact that the total supply receiving function requires signing for material received and is an integral part of the Governmental function and cannot be separated. Personnel performing this function accept material for the Government and, as such, perform a Governmental function. This function is currently under study in the Naval shipyards. NAVSEA will prepare a request for study cancellation in naval shipyards and forward to CNO via CHNAVMAT for approval.

NOTE: CHNAVMAT ltr Ser 09/1000 of 19 September 1984 (reference (c)) specifically requested NAVSEA to modify and resubmit the Depot Maintenance Core exemption request submitted by reference (a) to reflect proposed changes to the following functions:

K534J - Propeller Center at NAVSHIPYD PHILA

T999 - Integrated Logistics Support (ILS) at NAVSHIPYD PHILA

S999 - Hazardous Waste Treatment

The K534J and T999 (T999G) functions are addressed above. The S999 Hazardous Waste Treatment function at NAVSHIPYD NORVA was announced as a study of 15 positions. During the CA study process, it was determined that 11 of the positions were performing the Core function of Utilities Operations (S730A) and had been incorrectly inventoried. NAVSEA ltr 4860 Ser 0731/427 of 7 August 1984 requested approval to reduce the number of positions performing the Hazardous Waste Treatment function to four. Reference (c) endorsed the NAVSEA request and requested that the study be deferred pending modification and resubmission of NAVSEA's Core exemption request. Tabs K and O, contained in enclosure (2) of this letter, reflect these position changes.

REVISED LISTINGS OF
CORE, GOVERNMENTAL AND CA
FUNCTIONS FOR NAVAL SHIPYARDS
TABS K, M AND O OF ENCLOSURE (1) TO REFERENCE (A))

Enclosure (2)

TAB K
LISTING OF FUNCTIONS IDENTIFIED
AS DEPOT MAINTENANCE CORE THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS/CODE	NO. OF CIVPERS	NO. OF CIVPERS SUB-TOTAL	NO. OF CIVPERS GRAND TOTAL
K534/Vessels			56,893
K534A/Radiation Control/ Engineering Monitoring Dept.	1,114	1,114	
K534B/Quality Assurance Department		677	
K534B1/Engineering/Analysis	270		
K534B2/Product Control	18		
K534B3/Test/Evaluation Engineering	58		
K534B4/Quality Assurance Laboratory	331		
K534C/Combat Systems Office		663	
K534C1/Electronic Systems	206		
K534C2/Undersea Warfare	211		
K534C3/Strategic Weapons Systems	76		

TAB K
LISTING OF FUNCTIONS IDENTIFIED
AS DEPOT MAINTENANCE CORE THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS/CODE	NO. OF CIVPERS	NO. OF CIVPERS SUB-TOTAL	NO. OF CIVPERS GRAND TOTAL
K534C4/Surface Warfare	103		
K534C5/Project Management	67		
K534D/Planning Department (Planning)		1,736	
K534D1/Material & Equipment	147		
K534D2/Job Planning	1,249		
K5324D3/Ship Overhaul Admin (Type Desk)	340		
K534E/Planning Department (Design)		3,955	
K534E1/Naval Architecture	760		
K534E2/Marine & Mechanical Engrg.	1,222		
K534E3/Electrical & Electronic Engrg.	790		
K534E4/Ocean Engineering (MARE)	189		

TAB K

LISTING OF FUNCTIONS IDENTIFIED AS DEPOT MAINTENANCE CORE THROUGH APPLICATION OF CA DECISION LOGIC

NAVAL SHIPYARDS

FUNCTIONS/CODE	NO. OF CIVPERS	NO. OF CIVPERS SUB-TOTAL	NO. OF CIVPERS GRAND TOTAL
K534E5/Weapons Engineering (PUGET)	153		
K534E6/Engineering/Technical Support	601		
K534E7/Damage Control Program	83		
K534E8/Project Management	128		
K534E9/Nuclear Planning Yard (CHASN)	29		
K534F/Production Testing		968	
K534F1/Work Control	319		
K534F2/Test Operations	462		
K534F3/Technical Support	187		
K534G/Production Control		771	
K534G1/Work Status and Forecasting	108		
K534G2/Work Scheduling	312		
K534G3/Work Progress	351		

TAB K
LISTING OF FUNCTIONS IDENTIFIED
AS DEPOT MAINTENANCE CORE THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS/CODE	NO. OF CIVPERS	NO. OF CIVPERS SUB-TOTAL	NO. OF CIVPERS GRAND TOTAL
K534H/Production Engineering		873	
K534H1/Facilities Engineering	181		
K534H2/Industrial Plant Equipment Engineering	174		
K534H3/Facility/Equipment Project Management	156		
K534H4/Production Engineering	195		
K534H5/Industrial Facilities (Long Range Planning)	40		
K535H6/Methods and Standards Development	126		
K534I/Production - Structural Shop Group		10,310	
K534I1/Shipfitting Aboard Ships in Drydock	1,725		
K534I2/Shipfitting/Lofting/Layout	177		

TAB K
LISTING OF FUNCTIONS IDENTIFIED
AS DEPOT MAINTENANCE CORE THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS/CODE	NO. OF CIVPERS	NO. OF CIVPERS SUB-TOTAL	NO. OF CIVPERS GRAND TOTAL
K534I3/Shipfitting in Shop	755		
K534I4/Machine Shipfitting	467		
K534I5/Forge	103		
K534I6/Heat Treating	83		
K534I7/Sheetmetal Services Aboard Ship	1,197		
K534I8/Sheetmetal Services in Shop	866		
K534I9/Basic Welding & Thermal Cutting	2,364		
K534I10/Automatic Welding & Thermal Cutting	864		
K534I11/Thermal Spray Services	204		
K534I12/Boilermaking Services Aboard Ship	878		

TAB K
LISTING OF FUNCTIONS IDENTIFIED
AS DEPOT MAINTENANCE CORE THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS/CODE	NO. OF CIVPERS	NO. OF CIVPERS SUB-TOTAL	NO. OF CIVPERS GRAND TOTAL
K534I13/Boilermaking Services in Shop	356		
K534I14/Planning for Shop Group	219		
K534I15/Firewatch Services	50		
K534J/Production - Propellor Mfg. Operations (NSY PHILA ONLY) (NOTE 1)	222	222	
K534K/Production - Mechanical Shop Group		15,728	
K534K1/Inside Machine Prop. Balancing/Repair	65		
K534K2/General Machine Services	2,418		
K534K3/Electroplating Services	146		
K534K4/Pump, Valve, Turbine Test and Repair	1,174		
K534K5/Hydraulic Repair Services	184		
K534K6/Foundry Services	126		
K534K7/Patternmaking	47		

NOTE 1: NAVSEA ltr 0731/EW 4860 Ser 155/073 of 19 Mar 84 forwarded request for reclassification as Core. CNM ltr Ser 09/1000 of 19 Sep 84 requested CNO to defer the CA Study pending NAVSEA action to include the Propeller Center as part of the Naval Shipyard Depot Maintenance Core.

TAB K
LISTING OF FUNCTIONS IDENTIFIED
AS DEPOT MAINTENANCE CORE THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS/CODE	NO. OF CIVPERS	NO. OF CIVPERS SUB-TOTAL	NO. OF CIVPERS GRAND TOTAL
K534K8/Outside Machine Marine Services Aboard Ship	4,061		
K534K9/Marine Machine Services in Shop	279		
K534K10/Internal Combustion Engine Repair Services & Testing	136		
K534K11/Shipboard Marine Pipefitting	4,417		
K534K12/Shop Marine Pipefitting	830		
K534K13/Covering & Insulation Services	929		
K534K14/Refrigeration & Air Conditioning Svcs	403		
K534K15/Waveguide Services	83		
K534K16/Planning for Shop Group	442		
K534L/Production - Electrical/Electronic Shop Group		6,679	

TAB K
LISTING OF FUNCTIONS IDENTIFIED
AS DEPOT MAINTENANCE CORE THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS/CODE	NO. OF CIVPERS	NO. OF CIVPERS SUB-TOTAL	NO. OF CIVPERS GRAND TOTAL
K534L1/Electrical Systems Maintenance Svcs	2,093		
K534L2/Repair Services - Rotating Equipment	430		
K534L3/Battery/Lock Services	67		
K534L4/Wire/Cable Maintenance Svcs.	1,011		
K534L5/Equipment Indentification Services	198		
K534L6/Electronics System Repair	1,879		
K534L7/Restoration & Fabrication Services	488		
K534L8/Weapons (LBEACH)	12		
K534L8A/Mechanical (LBEACH)	56		
K534L8B/Electrical/Electronics/ Optics (LBEACH)	91		
K534L9/Planning for the Shop Group	205		
K534L10/Module Maint. Facility (CHASN)	149		

TAB K
LISTING OF FUNCTIONS IDENTIFIED
AS DEPOT MAINTENANCE CORE THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS/CODE	NO. OF CIVPERS	NO. OF CIVPERS SUB-TOTAL	NO. OF CIVPERS GRAND TOTAL
K534M/Production - Services Shop Group		11,296	
K534M1/Woodworking Aboard Ship	471		
K534M2/Woodworking in Shop	126		
K534M3/Small Boat Repairs	52		
K534M4/Plastic Services	179		
K534M5/Shipwrights	915		
K534M6/Painting Services on Ship	1,318		
K534M7/Painting Services in Shop	312		
K534M8/Sandblasting Services on Ship	393		
K534M9/Sandblasting Services in Shop	60		
K534M10/Radioactive Waste Processing and Handling	141		
K534M11/Cleaning Hazardous Materials in Tanks, Voids & Spaces	1,016		

TAB K
LISTING OF FUNCTIONS IDENTIFIED
AS DEPOT MAINTENANCE CORE THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS/CODE	NO. OF CIVPERS	NO. OF CIVPERS SUB-TOTAL	NO. OF CIVPERS GRAND TOTAL
K534M12/Rigging, Ship, Drydock & Shop	1,897		
K534M13/Rigging, Fabrication & Repairs	274		
K534M14/Sail Loft Services	309		
K534M15/Diving	96		
K534M16/Docking	167		
K534M17/Temporary Services (Electric)	587		
K534M18/Temporary Services (Pipefitting)	619		
K534M19/Temporary Services (Gas Free Testing)	128		
K534M20/Temporary Services (Refrigeration & A/C)	35		
K534M21/Temporary Services (Sheetmetal/Vent)	137		

TAB K
LISTING OF FUNCTIONS IDENTIFIED
AS DEPOT MAINTENANCE CORE THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS/CODE	NO. OF CIVPERS	NO. OF CIVPERS SUB-TOTAL	NO. OF CIVPERS GRAND TOTAL
K534M22/Central Tool (Electronic Equipment Maint)	295		
K534M23/Central Tool (Mechanical Equipment Maint)	602		
K534M24/Tool Making/Servicing	401		
K534M25/Tool Issue/Control	576		
K534M26/Planning for the Shop Group	190		
K534N/Nuclear Engineering	1,901	1,901	
*K547A/Qualtiy Assurance Metrology/ Reference Standards Laboratory	470	470	
*S716D/Weight Handling Equipment (WHE) (Operations)	1,293	1,293	
S718/Fire Protection and Prevention Services (NOTE 2)	224	224	
S724B/Patrol (Police Protection) (Does not include Guards) (NOTE 2)	372	372	

NOTE 2: CNO MSG 121711Z Oct 83 advised that FY 84 Defense Authorization Act extended moratorium on contracting out Guards/Security/Firefighter functions through FY 85. Function was studied under the Efficiency Review (ER) Program in FY 83. NAVSEA ltr 0731/BJO 4860 Ser 714/073 of 10 Nov 1983 forwarded results of the review.

*See Narrative Explanation

TAB K

LISTING OF FUNCTIONS IDENTIFIED
AS DEPOT MAINTENANCE CORE THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS/CODE	NO. OF CIVPERS	NO. OF CIVPERS SUB-TOTAL	NO. OF CIVPERS GRAND TOTAL
*S725A - S730A/Utility Operations	1,083	1,083	
*T801D/Supply Department, Care, Rewarehousing and Support of Material		1,573	
T801D1/Liaison/Expediting	256		
T801D2/Material Control Centers	511		
T801D3/Material Shop Stores Production	412		
T801D4/Supply Storage	308		
T801D5/Supply Material Inspection	86		
*T999G/Supply ILS Execution (NOTE 3)	31	31	
*Z992/Industrial Production Facility Repairs	810	810	
*Z997A/Railroad/Crane Track Maintenance (Nuclear)	21	21	
Total other than K534			5,877
GRAND TOTAL	62,770	62,770	62,770

*See Narrative Explanation

NOTE 3: NAVSEA ltr 4860 Ser 0731/517 of 7 Aug 1984 forwarded request for approval to reclassify as Core. CNM ltr Ser 09/1000 of 19 Sep 1984 requested CNO to defer the CA Study pending NAVSEA action to include the Propeller Center as part of the Naval Shipyard Depot Maintenance Core.

NARRATIVE EXPLANATION FOR CORE FUNCTIONS IN NAVAL SHIPYARDS

(1) K534/VESSELS REPAIR, MAINTENANCE, MODIFICATION, ALTERATION AND/OR REBUILD OF EQUIPMENT (DEPOT/INDIRECT)

NARRATIVE EXPLANATION: The K534 function as determined by application of the CA Program Decision Tree in TAB H, is retained in CORE to assure a ready and controlled source of technical competence and resources. This CORE will provide the flexibility and military command and control that are considered essential for providing logistics support to combat forces, particularly those processes expected to have sizable contingency situations.

The risk potential associated with contracting out CORE logistics processes would be unacceptable for many reasons. (1) Once the organic capability is lost, it could not be readily reconstituted if the contract were disrupted. (2) These processes would be subject to the turmoil and disruption created by periodic contract resolicitation, and (3) military managers would be deprived of the flexibility to adjust their resource posture to meet a variety of wartime contingencies. This method is currently maintained as outlined in TAB F. This functions also includes the K534J/Propeller Manufacturing Center at Philadelphia Naval Shipyard. NAVSEA ltr 0731/EW 4860 Ser 155/073 of 19 Mar 1984 forwarded request to approve reclassification as a core function to support the Navy's only modern capability to manufacture sophisticated propellers as part of the mobilization base and in support of the Navy R&D propeller and manufacturing program. CNM ltr Ser 09/1000 of 19 Sep 1984 forwarded request to CNO requesting that the study be deferred pending NAVSEA action to include the Propeller Center as a Core function.

NARRATIVE EXPLANATION FOR CORE FUNCTIONS IN NAVAL SHIPYARDS

(2) K547A/QUALITY ASSURANCE METROLOGY/REFERENCE STANDARDS LABORATORY

NARRATIVE EXPLANATION: This function is retained in CORE because a Quality Assurance Program must be maintained to insure that calibration meets the Navy Metrology and Calibration Program requirements. DOD Directive 4155.1 of 10 Aug 1978 requires DOD Components to develop and manage a quality program to assure mission and operational effectiveness; to assure that all services and products conform to specified requirements; and to tailor contractual quality requirements to meet the needs of each acquisition. DOD Components must plan and implement a quality program as an integral part of all phases of the acquisition and support process and conduct quality audits to assure the attainment of quality products and services. Includes Depot Level Repairables workload which is assigned to the activity as a designated overhaul point (DOP) assignment. This workload has previously been subjected to DOD organic or contract depot maintenance source of repair decision logic criteria in accordance with DOD Instruction 4151.1 of 15 July 1982. NAVSEA letter 4860 Ser 0731W/695 of 2 Nov 1984 requested CNO approval for inclusion of this DOP workload in the Core.

(3) S716D/WEIGHT HANDLING EQUIPMENT (WHE) (OPERATIONS)

NARRATIVE EXPLANATION: This function is retained in CORE because Weight Handling Equipment (Crane) Operations are an essential element of the ship overhaul process. Crane Operators perform work directly associated with removal and reinstallation of shipboard equipment and are an integral part of various repair processes performed within the shipyard. During lifting operations, Crane Operators receive their direction from shipyard personnel who attach lifting gear and control the movement of material and equipment from the ground/ship level, therefore, the function is not separable from the overall productive process. This function includes all personnel required to operate Weight Handling Equipment, including those required to lubricate and make adjustments and repairs on a day-to-day basis to ensure uninterrupted operation of the crane during the productive process.

NARRATIVE EXPLANATION FOR CORE FUNCTIONS IN NAVAL SHIPYARDS

(4) S718/FIRE PROTECTION AND PREVENTION SERVICE

NARRATIVE EXPLANATION: This function is retained in the core to assure uninterrupted and effective fire protection for ships undergoing overhaul. Navy combatant ships repaired in naval shipyards are extremely complex vessels, both in construction and in ship system design and interface. The ability to fight fires aboard these complex ships require highly skilled personnel who receive specialized training and who may be operationally integrated with other shipyard personnel during an emergency or other situation involving hazardous or sensitive materials. This unique capability and training for complex ship fire protection is not separable from the overall shipyard fire protection function; it is not readily transferrable to a private contractor and is therefore an essential core capability for naval shipyards. The function was studied under the Efficiency Review (ER) Program in FY-83, NAVSEA ltr 0731/BJO 4860 Ser 714/073 of 10 Nov 1983 forwarded results of the review.

NARRATIVE EXPLANATION FOR CORE FUNCTIONS IN NAVAL SHIPYARDS

(5) S724B/PATROL (POLICE PROTECTION) (DOES NOT INCLUDE GUARDS)

NARRATIVE EXPLANATION: It is essential that the shipyards maintain a strong security posture for protection of the CIA and ships berthed or docked within the industrial area. To be effective when needed, this protection must include a ready and controlled source of personnel under the direct control of the shipyard commander who can respond to any potential threat or situation. This capability is maintained through retention of a core of individuals classified as police who may exercise police powers to apprehend and detain intruders or take other appropriate command security protection measures. Shipyard police are specially trained and, in an emergency, are operationally integrated with other shipyard personnel to provide a reactionary force and to function as part of special response teams to counter the threat of hostile intelligence groups, para-military forces, terroists or saboteurs, criminal elements, protest groups or disaffected persons. Shipyard police control access into the CIA and provide protection within the industrial area. However, this core function does not include guards who provide ingress and egress control at the outer perimeter of the shipyard or security services for non-industrial areas of the shipyard. The function was studied under the Efficiency Review (ER) Program in FY-83, NAVSEA ltr 0731/BJO 4860 Ser 714/073 of 10 Nov 1983 forwarded results of the review.

NARRATIVE EXPLANATION FOR CORE FUNCTIONS IN NAVAL SHIPYARDS

(6) S725A-S730A/PUBLIC WORKS UTILITIES OPERATION

NARRATIVE INFORMATION: This function encompasses the operation and essential day-to-day emergency and breakdown repairs required to provide continuous utilities to ships and shipyard facilities. Utilities are an essential and integral part of the production process. Sub-standard operation of utilities would adversely impact planned production evolutions and seriously compromise the shipyard's ability to complete ship schedules. The ability to fully operate and control utilities within the shipyard is essential to provide a core of capability to expand in support of mobilization requirements. This function does not include planned improvements or maintenance projects to utility systems.

NARRATIVE EXPLANATION FOR CORE FUNCTIONS IN NAVAL SHIPYARDS

(8) T801D/CARE/REWAREHOUSING AND SUPPORT MATERIAL

NARRATIVE EXPLANATION: This function is retained in CORE because it ensures a ready and controlled source of technical competence and resources necessary to support the material base function required to sustain current combat readiness. Failure to perform this function would erode the material base and directly and adversely affect a vessel's scheduled return to the fleet. This function includes the sub-functions of (1) Supply Department Liaison & Expediting (T801D1) - responsible for material support for specific production jobs, orders, expedites, interfaces with Production, Planning, Supply and ADP Management Systems. (2) Material Shop Stores in Support of Production(T801D2) - stock and issue material essential for production jobs. Their receiving and issue functions effect financial disbursements and ensure availability of resources in ready-for-issue condition. (3) Material Control Centers (MCC) in support of Production(T801D3) - processes receipts, acquires and issues material for essential production jobs. The MCC acts as receiving and shipping agents for intra and inter shop material deliveries and are so interrelated with production shop functions that they are inseparable. (4) Material Supply Storage (Screening and Identification) - (T801D4) - screens and identifies returned, exchanged, excess and salvaged material from the Ocean Engineering Program and the Naval Nuclear Propulsion Program. Special handling is required for the sensitive material related to these programs and coordination with the Radiological Control Office, Nuclear Engineering and Nuclear Inspection is required when radioactive material is involved. Also responsible for preparing accounting, shipping and delivery documents; maintaining an audit trail for scrapped Naval Nuclear Propulsion material; interrogating Inventory Control Points for credits and disposition of material; and maintaining secure storage for material pending disposition. (5) Supply Material Inspection - (T801D5) - Incoming material is technically inspected for compliance to military and federal specifications, DOD instructions, contracts and design criteria. When material is accepted by inspection codes, it is ready for issue and installation in Level I/sub-safe applications. Receipt inspection is the final phase of the procurement cycle and, therefore, must prevent defective material from entering into the submarine construction process.

(9) T999G/SUPPLY INTEGRATED LOGISTICS SYSTEM (ILS) EXECUTION

NARRATIVE EXPLANATION: The ILS function has historically been performed at all Naval Shipyards on a decentralized basis, primarily within the Planning and Design Divisions, except in Philadelphia where the function was centralized into one separate organization to support the Service Life Extension Program (SLEP). The duties of the ILS function are mission-essential and should be retained as a maintenance core capability, to assure a ready and conrolled source of technical competence and resource for mobilization. The ILS concept provides for life cycle support of systems and equipment through full implementation of an integrated support system. Required support is achieved through a step-by-step logistic support planning process, related to specific logistic support elements: Supply Support, Technical Documentation, Support and Test Equipment, Maintenance Documentation, and training requirements. The nature of the ILS effort involves an extensive interface with a host of other naval activities, all of which play an active role in the total integration of logistics support for weapon systems. This interface requires a detailed knowledge of a number of intricate systems and programs in order to provide for the accurate exchange of data and information. The output of this exchange is the delivery of logistic products essential to the continued mission readiness of weapon system and fleet units. All logistics support products are scheduled for delivery concurrent with the hardware delivery and provided to the ships not later than the end of the overhaul. This function must be in place at the outset of mobilization. The ILS organization must be able to perform core and governmental functions to accomplish the planned mobilization depot maintenance workload, including outfitting of logistic support products. A controlled and ready work force to support changing operational requirements and emergent work is required. The flexibility of an ILS program performed as a core function is essential to meet these changing requirements. Depot maintenance of Navy Ships is unique among DOD weapon systems, in that depot maintenance is performed while the systems are still under the custody of the combat forces which operate them. As such, military commad and control of logistics is required to interface with the military command of the fleet. Therefore, the ILS function in all naval shipyards is considered to be a CORE function whether it is centralized, as at Philadelphia, or performed as an integral part of other CORE functions. NAVSEA ltr 4860 Ser 0731/517 of 7 Aug 1984 forwarded request for approval to reclassify the function as core since it is an integral part of depot level maintenance core. CNM ltr Ser 09/1000 of 19 Sep 1984 forwarded the request to CNO for approval.

NARRATIVE EXPLANATION FOR CORE FUNCTIONS IN NAVAL SHIPYARDS

(10) Z992/INDUSTRIAL PRODUCTION FACILITY REPAIRS

NARRATIVE EXPLANATION: This function includes the essential day-to-day emergency and breakdown repairs required to keep production and process shops within the Controlled Industrial Area (CIA) operating. This function retained in CORE because the facilities that support the production effort become an extension of the productive effort, separate from other facilities in the shipyards. The maintenance requirements constantly change to directly support shipyard production and repair requirements. Goals, priorities and schedules are impacted by facilities' flexibility and readiness. The repair work accomplished directly affects the operability of the facility and interior distribution systems that provide utilities to all production tools, devices and processing equipment. The function requires diverse trade expertise to maintain facilities in a reliable condition to prevent jeopardizing shipyard production schedules. In addition, these trade skills are utilized to augment production department trades during peak workload periods and thus comprise an essential portion of the shipyard mobilization base and expansion capability. This function does not include maintenance to non-production facilities or to facilities outside the CIA.

(11) Z997/RAILROAD AND CRANE TRACK MAINTENANCE REPAIR (NUCLEAR)

NARRATIVE EXPLANATION: This function is retained in CORE because it is directly related to the production effort in support of nuclear overhauls. Interruptions to trackage availability and certification would severely impact the movement of nuclear propulsion overhaul materials to support work being performed on the waterfront. Crane rail maintenance support must be accomplished to ensure constant pier-side/dock-side crane service. The quality of rail and crane track maintenance directly impacts waterfront operations and nuclear fuel transport evolutions. The integrity and safety of the equipment/material transported directly impacts the operating capability and schedules of ships under repair or overhaul.

TAB M
LISTING OF FUNCTIONS IDENTIFIED
AS GOVERNMENTAL THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS	NO. OF POSITIONS CIV	MIL
Command	20	8
Equal Employment Opportunity	62	0
Legal	18	5
Public Relations	12	0
Command Administration	160	2
Productivity Enhancement	26	0
Project Management	86	2
Occupational Safety & Health	33	1
Health Technical Division	89	1
Occupational Safety Division	84	0
OSH Monitoring Division	83	0
Radiation Control Management	110	1
Data Processing/Office Equipment Management and Administration	27	0
Budget	4	0
Personnel	4	0
ADP Inventory	5	0

TAB M
LISTING OF FUNCTIONS IDENTIFIED
AS GOVERNMENTAL THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS	NO. OF POSITIONS CIV	MIL
ADP Systems Design and Analysis	185	0
Contract Administration	7	0
ADP Scheduling	60	0
Quality Assurance Management	74	4
Inspection/Acceptance	2081	0
Management Engineering	32	0
Industrial Management & Planning	51	0
Management Studies	35	0
Mobilization Planning	5	0
External Audit Liaison	10	0
Program Management	32	0
Management Information Systems Control	37	0
Industrial Relations Management	43	0
Employee Relations	88	0
Employee Services	99	0
Personnel Operations/Services	95	0

TAB H
LISTING OF FUNCTIONS IDENTIFIED
AS GOVERNMENTAL THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS	NO. OF POSITIONS CIV	MIL
Recruitment	138	0
Classification/Staffing	144	0
Employee Development	129	0
Skills/Career Management (includes Trades Training (Apprentices)) (NOTE 1)	95	0
Combat Systems Management	41	10
Combat Systems Administration	47	0
Planning Dept. Management	63	29
Planning & Estimating	208	20
Planning Dept. Administration	106	1
Budget	15	0
Personnel	27	0
Management Studies	21	0

NOTE 1: CNO ltr Ser 443D4/4U383410 of 14 Mar 84 approved reclassification as Governmental (A100).

TAB M
LISTING OF FUNCTIONS IDENTIFIED
AS GOVERNMENTAL THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS	NO. OF POSITIONS CIV	MIL
Production Dept Management	141	35
Production Dept. Administration	70	1
Budget	24	0
Personnel	38	0
Management Studies	20	0
Travel	12	0
Training	22	0
Ship Superintendents	162	229
Structural Shop Group 920 Administration	84	0
Personnel	81	0
Training	91	0
Mechanical Shop Group 930 Administration	94	0
Personnel	98	0
Training	82	0

TAB H
LISTING OF FUNCTIONS IDENTIFIED
AS GOVERNMENTAL THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS	NO. OF POSITIONS CIV	MIL
Elect/Elex Shop Group 950 Administration	79	0
Personnel	63	0
Training	54	0
Service Shop Group 970 Administration	100	0
Personnel	73	0
Training	73	0
Public Works Management	123	21
Public Works Administration	79	0
Budget	34	0
Contract Administration	111	1
Personnel	32	0
Family Housing	21	1
Public Works Plant Equipment/Property Control	13	0

TAB M
LISTING OF FUNCTIONS IDENTIFIED
AS GOVERNMENTAL THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS	NO. OF POSITIONS CIV	MIL
Public Works Maint Work Reception & Control	55	0
Planning & Estimating/Inspection	288	0
Weight Handling Equipment (WHE) Inspection & Test	131	0
Public Works Facilities Planning/Engineering	54	0
Utilities Engineering	26	0
General Engineering	101	0
Crane Engineering	46	0
Surveying	8	0
Environmental Engineering	23	0
Design/Investigations	96	0
Supply Management	67	22
Supply Administration	21	0
Budget	12	0

TAB M
LISTING OF FUNCTIONS IDENTIFIED
AS GOVERNMENTAL THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS	NO. OF POSITIONS CIV	MIL
Personnel	26	0
Systems/Procedures	86	0
Supply Receiving	134	0
Inventory Control	23	2
Inventory Reconciliation	31	1
Issue Control	44	0
Stock Control	223	0
Receipt Control	196	1
Purchase Control/Services	52	4
Buying/Ordering	165	0
Imprest Fund	6	0
Contract Administration	35	0
Supply Material Identification (NOTE 2)	25	0
Supply Material List Screening (NOTE 2)	83	0

NOTE 2: CNO ltr 4860 Ser 443D3/4U385666 of 4 Sep 84 approved reclassification as Governmental (A100).

TAB M
LISTING OF FUNCTIONS IDENTIFIED
AS GOVERNMENTAL THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS	NO. OF POSITIONS CIV	MIL
Shipping Control	49	0
ILS Management	2	0
Comptroller Management	12	9
General Ledger	72	0
Payroll	145	0
Cost Accounting	121	0
Disbursing	155	0
Budget	72	1
Internal Review	69	0
Comptroller Administration	26	0
Shipyard Administration/Control	116	10
Military Support/Special Services	10	123

TAB M
LISTING OF FUNCTIONS IDENTIFIED
AS GOVERNMENTAL THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

FUNCTIONS	NO. OF POSITIONS CIV	MIL
Unaccompanied Personnel Housing (UPH)	0	62
Security Management	161	3
Chaplain	1	14
Shipbuilding Support Office (PHILA)	42	0
Nuclear Engineering Management	73	0
Industrial Management Dept. (Code 1100 - PHILA)	22	0
GRAND TOTAL	9,870	624

TAB O
LISTINGS OF FUNCTIONS IDENTIFIED
AS COMMERCIAL ACTIVITIES (CA) THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

CODE/FUNCTION	NO. OF CIVILIAN POSITIONS (FTP) RETAINED IN-HOUSE	CONTRACTED OUT UNDER CA	IN PROGRESS	FUTURE STUDY	CONTRACTED OUT OTHER THAN CA
G010/Recreation Library Services	3				
G011/Other Recreational, Morale and Welfare Activities (Military Support) (NOTE 1)			10	135 (10)	
K547B/Other Test, Measurement and Diagnostic Equipment (Mechanical TMDE Repair/ Calibration) (NOTES 11 AND 12)			36		
K547C/Other Test, Measurement and Diagnostic Equipment (Electrical Test Equipment Repair/Calibration Service) (NOTES 11 AND 12)			23		
K547D/Other Test Measurement and Diagnostic Equipment (Electronic Test Equipment Repair/Calibration Service) (NOTES 11 AND 12)			87		
S706/Installation Bus Services	33	10			6

NOTE 1: CNO ltr Ser 443D4/4U383410 of 14 Mar 1984 and CNO ltr 4860 Ser 443D4/4U385737 of 11 Sep 84 held in abeyance decision to cost study function pending resolution of several policy issues and receipt of revised national defense exemption criteria from DOD.

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TAB O
LISTINGS OF FUNCTIONS IDENTIFIED
AS COMMERCIAL ACTIVITIES (CA) THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

CODE/FUNCTION	NO. OF CIVILIAN POSITIONS (FTP) RETAINED IN-HOUSE	CONTRACTED OUT UNDER CA	IN PROGRESS	FUTURE STUDY	CONTRACTED OUT OTHER THAN CA
S709/Custodial Services		55			414
S710/Insect and Rodent Control	11	3	3		8
S712/Refuse Collection and Disposal Service	13	2			175
S716/Motor Vehicle Operations (NOTES 11 AND 12)	105	100	154		42
S717/Motor Vehicle Maintenance	37	4	36		25
S717M/Other Motor Vehicle Maintenance (CESE/RR/ WHE/MHE) (NOTE 11)	10		69		7
S724A/Guard Service (NOTE 2)	17				56

NOTE 2: CNO MSG 121711 OCT 83 advised that FY-84 Defense Authorization Act extended moratorium on contracting out Guards/Security/Firefighter functions through FY-85. Function was studied under the Efficiency Review (ER) Program in FY-83. NAVSEA ltr 0731/BJO 4860 Ser 714/073 of 10 Nov 1983 forwarded results of the review.

TAB O
LISTINGS OF FUNCTIONS IDENTIFIED
AS COMMERCIAL ACTIVITIES (CA) THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

CODE/FUNCTION	NO. OF CIVILIAN POSITIONS (FTP) RETAINED IN-HOUSE	CONTRACTED OUT UNDER CA	IN PROGRESS	FUTURE STUDY	CONTRACTED OUT OTHER THAN CA
S725B-S730B/Utilities Maintenance (NOTES 3 AND 12)			20		50
S730C/Gas Distribution Services (NOTE 4)			3		
S999/Other Installation Services (Hazardous Waste)			12		16
T801/Storage and Warehousing	25	10	81		
T801C/Local Supply Delivery			18		
T801D/Public Works Material Control Center (PWMCC)			25		
T801D/Public Works Shop Stores			23		
T801D/Supply Inventory Count			6		

NOTE 3: Under review to determine separability of function from Core Utilities Operations.

NOTE 4: CNO ltr Ser 443D4/4U383410 of 14 Mar 1984 held in abeyance start of cost study at NAVSHIPYD PUGET pending issuance by DOD of revised criteria for exempting functions for reasons of National Defense.

TAB O

LISTINGS OF FUNCTIONS IDENTIFIED
AS COMMERCIAL ACTIVITIES (CA) THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

CODE/FUNCTION	NO. OF CIVILIAN POSITIONS (FTP) RETAINED IN-HOUSE	CONTRACTED OUT UNDER CA	IN PROGRESS	FUTURE STUDY	CONTRACTED OUT OTHER THAN CA
T801E/Supply Packing/Preservation			Being Studied Under T801		
T801G/Supply Non-Stock Material Processing			Being Studied Under T801		
T801H/Supply Packing and Crating			Being Studied Under T801		
T801I/SERVMART			7		
T806/Printing and Reprographics (Central Reprographics) (NOTE 5)				6	
T807/Audiovisual Services (Illustration/Photography)	13			6	3
T809/Administrative Telephone Services	9	18			3
T811A/Water Transportation Services-Except Tug Operations (Ship Movement)	5 (53)				

NOTE 5: CNO ltr Ser 443D4/3U393462 of 19 Sep 83 and Ser 443D4/4U383485 of 20 Mar 84 approved reclassification of 27 positions in the Technical Document Repository at NAVSHIPYD PTSMH as Governmental.

TAB O
LISTINGS OF FUNCTIONS IDENTIFIED
AS COMMERCIAL ACTIVITIES (CA) THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

CODE/FUNCTION	NO. OF CIVILIAN POSITIONS (FTP) RETAINED IN-HOUSE	CONTRACTED OUT UNDER CA	IN PROGRESS	FUTURE STUDY	CONTRACTED OUT OTHER THAN CA
T811B/Tug Operations (NOTE 6)	4 (78)				5
T816/Communications Center (NOTE 7)				11 (6)	
T820/Administrative Support Services			Being Studied Under T820A and T820D		
T820A/Central Word Processing Center	6		32		
T820B/Central Reference Library (NOTE 12)			27		2
T820D/Central Messenger Services (NOTE 12)	37	8	5		
T820F/Central Mail/Files Services	2	13	34		
T999/Other Non-Manufacturing Operations					

NOTE 6: CNO ltr Ser 443D4/395221 of 14 Dec 1982 approved exemptions for T811B/Tug Operations at NAVSHIPYDS PTSMH and NORVA for sea shore rotation requirements. CNO ltr Ser 443D4/4U383707 of 9 Apr 1984 approved exemption and retention in-house in support of sea shore rotation.

NOTE 7: CNO ltr Ser 443D4/4U383707 of 9 Apr 84 cancelled study at NSY PUGET for 24 positions since function was transferred to NAVTELCOM.

TAB O
LISTINGS OF FUNCTIONS IDENTIFIED
AS COMMERCIAL ACTIVITIES (CA) THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

CODE/FUNCTION	NO. OF CIVILIAN POSITIONS (FTP) RETAINED IN-HOUSE	CONTRACTED OUT UNDER CA	IN PROGRESS	FUTURE STUDY	CONTRACTED OUT OTHER THAN CA
T999A/Central Plan Files (NOTE 8)			200		
T999B/Technical Publications Preparations		18	12		
T999C/Supply Technical Library			3		
T999D/Timekeeping (NOTE 9)			55		
W824/Data Processing Svcs					
W824A/Operation of ADP Equipment (EAM/EDP Equipment Operations)	132				
W824C/ADP Magnetic Media Library (ADP Tape Library)	1		1	1	

NOTE 8: CNO ltr 4860 Ser 443D4/4U385151 of 25 Jul 1984 approved cancellation of study but held in abeyance reclassification as Governmental (A100) pending implementation of NEDDSARS automated system.

NOTE 9: CNO ltr 4860 Ser 443D3/4U394344 of 31 May 84 approved deferral to start studies until June 1985 pending implementation of the automated time and attendance muster system.

TAB O
LISTINGS OF FUNCTIONS IDENTIFIED
AS COMMERCIAL ACTIVITIES (CA) THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

CODE/FUNCTION	NO. OF CIVILIAN POSITIONS (FTP) RETAINED IN-HOUSE	CONTRACTED OUT UNDER CA	IN PROGRESS	FUTURE STUDY	CONTRACTED OUT OTHER THAN CA
*W824D/Keypunching-Radiation Control Data (NOTE 10)	31				
W824D/Data Transcription/ Data Entry		147	46		33
W824H/Other ADP Operations and Support (EAM/EDP Reports Distribution)			19	7	
X935/Liquid,Gaseous, and Chemical Products	4		5		
Z991/Buildings and Structures Maintenance (Family Housing Maintenance)	2		23		24
Z992/Buildings and Structures Maintenance (Other than Family Housing)	12	4	215		222

NOTE 10: CNO ltr Ser 443D1/3U390538 of 1 Feb 1983 approved retention of a portion of W824D/Data Transcription/Data Entry Services in transcription and control of sensitive radiation Control (RADCON) data essential to perform nuclear overhaul and repair work.

TAB O
LISTINGS OF FUNCTIONS IDENTIFIED
AS COMMERCIAL ACTIVITIES (CA) THROUGH
APPLICATION OF CA DECISION LOGIC
NAVAL SHIPYARDS

CODE/FUNCTION	NO. OF CIVILIAN POSITIONS (FTP) RETAINED IN-HOUSE	CONTRACTED OUT UNDER CA	IN PROGRESS	FUTURE STUDY	CONTRACTED OUT OTHER THAN CA
Z993/Grounds and Surfaced Areas Maintenance	8	6	9		108
Z997/Railroad Facilities (RR Track Crane Track Maintenance)					33
Z998/Waterways and Waterfront Facilities (Pile Driving/ Fender System Maintenance)			6	22	1
Z999/Other Maintenance, Repairs, Alterations and Minor Construction of Real Property (Equipment Maintenance-Other than Production)			16		
TOTAL	520 (131)	398	1321	188 (16)	1233

GRAND TOTAL: 3660

NOTE 11: Positions under study were reported by NAVSEA ltr 0731/EW 4860 Ser 769/073 of 7 Dec 83, endorsed and recommended for approval by NAVMAT ltr 01M11/ELE Ser 1-67 of 8 Dec 83 and approved for cost study by CNO ltr Ser 443D4/3U394593 of 19 Dec 83.

NOTE 12: Positions under study were reported by NAVSEA ltr 0731/EW 4860 Ser 13/073 of 13 Jan 84, endorsed and recommended for approval by NAVMAT ltr 01M11/JET Ser 1-98/84 of 24 Jan 84 and approved for cost study by CNO ltr Ser 443D4/4U383410 of 14 Mar 84.

ORDNANCE ACTIVITY

COMMERCIAL ACTIVITIES (CA) PROGRAM

DEFINITION AND IDENTIFICATION

OF

NATIONAL DEFENSE CORE REQUIREMENTS

Enclosure (3)

TAB A

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F	CORE Justifications for Intermediate Level Maintenance (J503 Missiles) (J512 Armament)
G	CORE Justification for Depot Level Maintenance (K531 Aircraft Equipment) (K534 Vessel-Electronic Equipment)
H	CORE Justification for Depot Level Maintenance (K533 Missiles)
I	CORE Justification for Depot Level Maintenance (K540 Armament-Ammunition)
J	CORE Justification for RDT&E (R660 Operation of Test Ranges)
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L	CORE Justification for Quality Evaluation (T803B Evaluation of Ammunition in Storage)
M	CORE Justification for Prototype Fabrication/Unique Production (X-931)

TAB B

List of References

References

(a) Executive Office of the President Office of Management and Budget Circular No. A-76 dated March 29, 1979

(b) DOD Directive 4151.1 of 15 JUL 1982

(c) OPNAVINST 4860.6C of 5 Feb 1982 Navy Commercial Activities (CA) Program

(d) Chief of Naval Operations ltr Ser 443D/3U392 383 of 29 June 1983, Subj: Commercial Activities (CA) Program Definition and Identification of Depot Level Maintenance CORE Requirements

(e) DOD Directive 4100.15 of 4 FEB 1980, Commercial and Industrial-Type Activities

(f) DOD Instruction 4100.33 of 25 FEB 1980, Operation of Commercial and Industrial-Type Activities

TAB C

Executive Summary

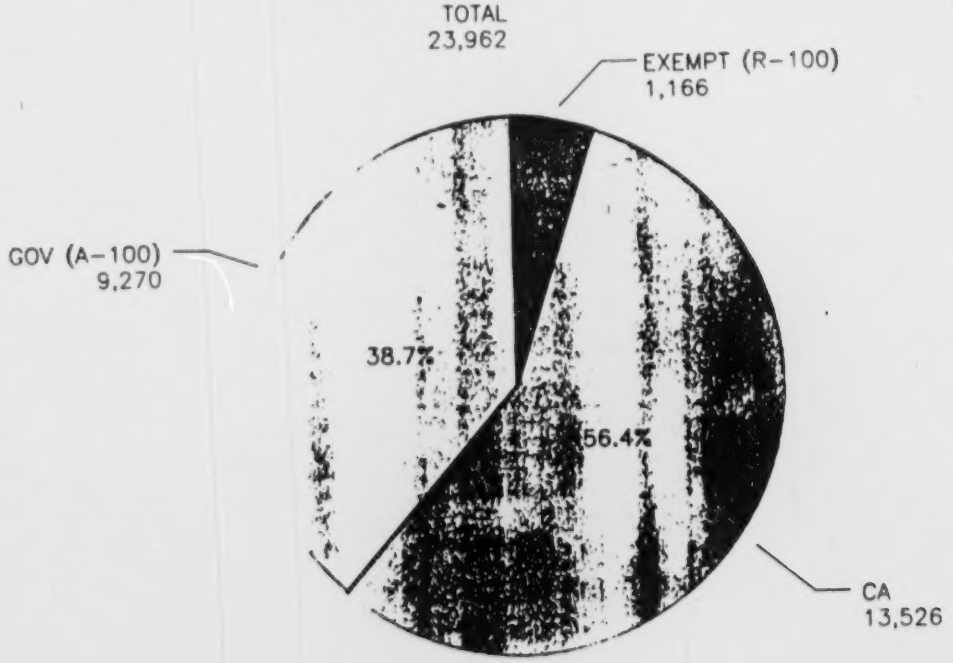
The intent of this paper is to specifically identify for approval those function codes at individual NAVSEA Ordnance Activities which clearly meet the requirements of references (a) through (c) of the basic letter for exemption from the Commercial Activities (CA) study for contracting because of National Defense requirements. It will be shown that each of the functional areas require an exceptional degree of engineering or technical expertise, or are necessary for military training or sea-shore rotation and that each provides direct support to the combat forces. In addition to demonstrating compliance with the requirements derived from higher authority directives, this paper will address the magnitude of the requirements based on the planninng objectives directed by Defense Guidance. The following is a summary of the CORE positions recommended for exemption:

CORE POSITION SUMMARY

CORE Position Functions	Civilian/Military
o Ocean Terminal Operation (T800)	1131/37
o Intermediate Maintenance: Missiles, Guns, Combat Systems (J503 and J512)	617/397
o Depot Maintenance:	
Electronic Equipment/Components (K531 & K534)	2525/0
Missiles (K533)	369/0
Armament (Ammunition & Combat Systems) (K540)	1264/0
o RDT&E Maintenance & Test Range Support (R660)	399/205
o Acceptance (Proof) Testing (T803)	728/0
o Quality Evaluation of Stock in Storage (T803B)	1599/1
o Other Unique Manufacturing (X931)	427/0
o Fleet Support Engineering (T813) (NOTE 1)	784/91
o Total Core Positions	9843/731

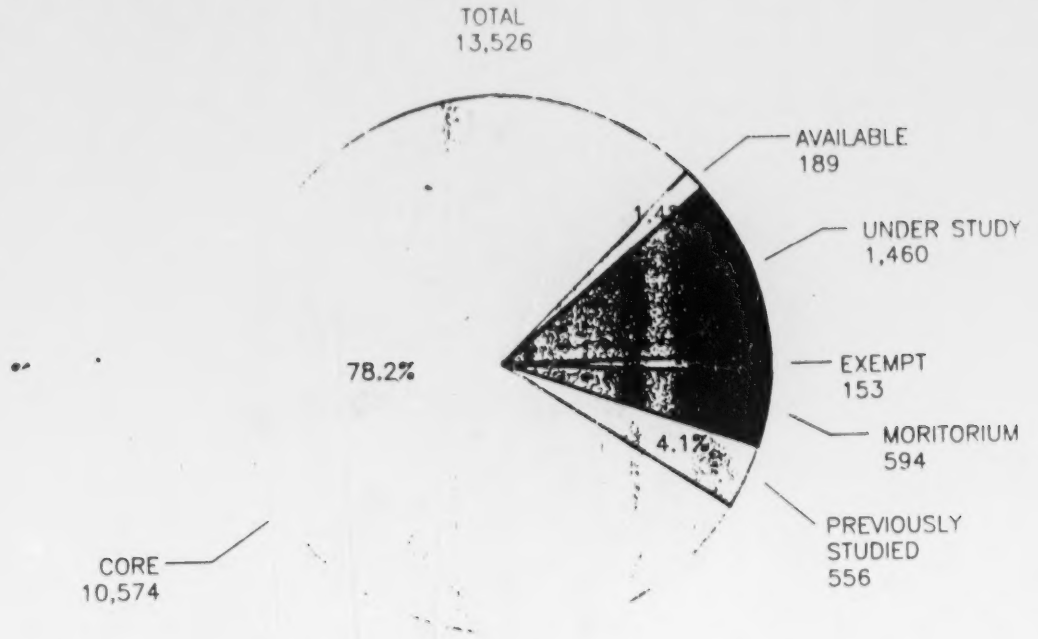
NOTE 1: This function is under review and may be reclassified from Core to a Governmental function. NAVMAT msg 311813Z JAN 83 and NAVSEA msg 142233Z APR 83 refer.

ORDNANCE ACTIVITY COMPOSITE INVENTORY
(BUDGETED WORK YEARS)



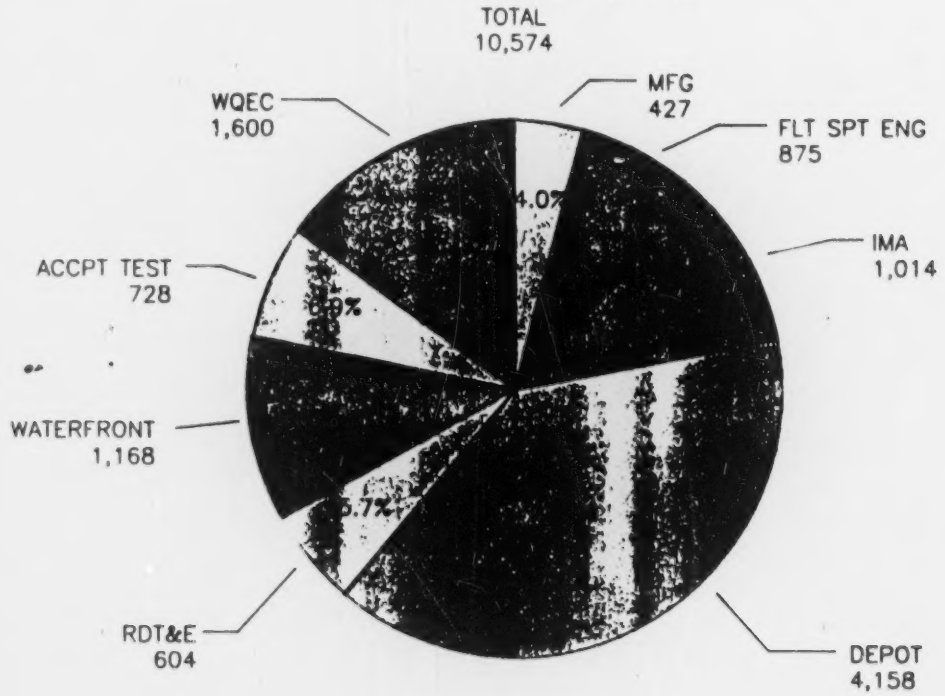
DECEMBER 1984

ORDNANCE ACTIVITY CA SUMMARY
(CIV FTP/MIL BILLETS)



DECEMBER 1984

CORE POSITION SUMMARY
(CIV FTP/MIL BILLETS)



DECEMBER 1984

TAB E

1. FUNCTION TITLE: OCEAN TERMINAL OPERATIONS.

a. Function Code. T800

b. Definition. The DOD category description includes activities that operate outloading terminals providing interface between overland and sealift transportation for the movement of export and retrograde cargo to provide direct fleet support to combatants deploying to forward theaters as well as resupply to combat forces, and include:

(1) on loading combatants and MLSF resupply ships

(2) sheathing ships and blocking and bracing cargo

(3) crane and rigging operations

(4) breakbulk cargo loading

(5) cargo handling equipment operation

(6) railroad transportation operations at the ocean terminal

(7) explosive motor vehicle operations to support the terminal

(8) pier cargo planning and scheduling

(9) ammunition receipt, segregation, storage, and issue

(10) quality assurance inspection of all waterfront operations

(11) traffic rail/van control for staging cargo for export

2. REQUIREMENTS.

a. In a typical operation, Navy combatants submit requisitions or inventory managers/shippers notify the station of a shipping requirement. This information is received by the Ammunition Distribution and Control (AD&C) function which locates the required material. If the required material is not available, AD&C refers the requirement to the appropriate Inventory Control Point (ICP) who directs other storage activities to ship the material to the appropriate ocean terminal. The incoming or in storage material is then transferred either by rail or van to the pier where it is either loaded on board the combatant or MLSF ship for replenishment and transferred at sea or placed on board barges and loaded at anchorage.

b. For the DOD cargo shipped out of WPNSTAs Concord and Earle, the Service shipper will notify the station ordnance planners at the same time that they call forward the cargo from inland storage facilities and notify Military Traffic Management Command (MTMC) of a pending outloading requirement. If the material is not on station, material is called forward and then routed by rail or van to Concord or Earle to be loaded on board a Military Sealift Command (MSC) ship for replenishment of deployed operating forces of USMC, Navy, Army, and Air Force.

3. ACTIVITY STAFFING.

ACTIVITY	CIV	MIL	TOTAL
WPNSTA Charleston	91	0	91
WPNSTA Concord	258	1	259
WPNSTA Earle	131	17	148
NAVORDSTA Indian Head	12	0	12
NAVUSEAWARENGSTA Keyport	120	18	138
WPNSTA Seal Beach	214	1	215
WPNSTA Yorktown	305	0	305
TOTAL	1,131	37	1,168

4. CORE JUSTIFICATION.

a. There are three levels of readiness required of the weapons stations. All six of the previously listed ocean terminal/waterfront activities are required to maintain a peacetime capability of 300 short tons per day, a surge requirement of 600 short tons per day, and a mobilization requirement of a 24 hour per day, 7 days per week operation within 10 days after mobilization has been directed. Currently, requirements are accomplished using a 1 shift, 8 hour day, 5 days per week operation. Under the mobilization requirement there are two options. That is to operate 2 shifts, 20 hours per day, 7 days per week (the remaining 4 hours are used to stage cargo) or 3 shifts, 8 hours per day, 7 days a week (cargo staged after shift change). In either case, to meet M-Day requirements all six waterfronts are required to have an "around the clock" operation. Ordnance activities must have a flexible plan for the waterfront and waterfront support to expand in ten days or less to meet assigned mission requirements.

b. Direct Fleet Support Operations are the primary mission of the six weapons stations and in this function provide critical and direct support to the Navy and USMC operating forces. The ocean terminal operations are currently performed by a highly skilled, experienced and expandable in-house waterfront workforce which has been extensively trained and certified for the specialized handling of explosive cargo. This CORE of government controlled technicians is absolutely essential as a base which permits versatile assignment necessary to ensure rapid build-up to mobilization manning levels.

TAB F

1. FUNCTION TITLE: MAINTENANCE AND/OR REPAIR OF EQUIPMENT (INTERMEDIATE/DIRECT/GENERAL).

a. Function Codes. J503 and J512

b. Definition. Maintenance authorized and performed by designate maintenance activities in support of fleet units. It is normally limited to assembly and test of all-up-round weapons and/or minor maintenance on conventional ammunition. It includes maintenance performed by ordnance activities that are not designated for deployment to combat areas and that provide direct support to organizations performing or designated to perform combat missions after deploying from bases in the United States. Activities engaged in intermediate maintenance and/or assembly and test of weapons/ammunition are grouped according to the weapons/equipment predominantly maintained as follows:

(1) J503 Missiles. Missile systems and associated equipment. Includes mechanical, electronics, and communication equipment that is an integral part of the missile system.

(2) J512 Armament. Small arms, artillery and guns, strategic munitions, conventional ammunition, and all other ordnance items. Excluded is armament that is an integral part of another weapon or support system.

2. REQUIREMENTS.

a. The Weapons Stations perform intermediate level maintenance on various weapons and weapons systems. This intermediate level maintenance consists of inspection, assembly into warshot, testing and, for LOE conventional ammunition, minor renovation. Weapons maintained are as follows:

(1) WPNSTA CHARLESTON

Surface Launched Missiles
- Terrier
- Tartar
- Standard

Torpedoes
- MK 48
- MK 46
- ASROC

Fleet Ballistic Missile
- Gas Generators
- Launch tube closures
- Detonator cables

(2) WPNSTA CONCORD

Air Launched Missiles
- Sparrow
- Harpoon

Surface Launched Missiles
- Standard
- Terrier
- Tartar

Conventional Ammunition
- Small Arms
- Projectiles
- Cartridges
- Bombs
- Warheads
- Rocket Motors

(3) WPNSTA SEAL BEACH

Air Launched Missiles
- Phoenix
- Sidewinder
- Shrike
- Walleye
- Standard ARM

Surface Launched Missiles
- Standard
- Standard Boosters

Marine Corps Missiles
- Hawk
- Tow
- Dragon
- Stinger
- Redeye

Torpedoes
- MK 46
- ASROC

Conventional Ammunition
- Small Arms
- Projectiles
- Cartridges
- Rocket Motors

(4) WPNSTA YORKTOWN

Air Launched Missiles
- Sparrow
- Sidewinder
- Shrike
- Walleye
- Phoenix
- Harpoon

Surface Launched Missiles
- Standard
- Standard Booster

Torpedoes
- MK 48
- MK 46
- ASROC

Mines
- Captor

Conventional Ammunition
- Small Arms
- Projectiles
- Cartridges
- Rocket Motors
- Fuzes
- Bombs
- Warheads

(3) WPNSTA EARLE

Torpedo MK 46

Conventional Ammunition
- Small Arms
- Projectiles
- Cartridges
- Rockets
- Fuzes
- Bombs

3. ACTIVITY STAFFING.

J503 Missiles	CIV	MIL	TOTAL
WPNSTA Earle	5	5	40
WPNSTA Charleston	4	69	73
WPNSTA Concord	67	56	123
WPNSTA Seal Beach	84	84	168
WPNSTA Yorktown	158	75	233
SUBTOTAL	318	319	637

J512 Armament	CIV	MIL	TOTAL
WPNSTA Earle	48	1	49
WPNSTA Charleston	4	0	4
WPNSTA Concord	72	1	73
WPNSTA Seal Beach	26	0	26
WPNSTA Yorktown	149	76	225
SUBTOTAL	299	78	377
GRAND TOTAL	617	397	1,014

4. CORE JUSTIFICATION.

a. Weapons and weapons systems maintained by coastal Weapons Systems are prepared and issued directly to Fleet operating units, a direct combat support function.

The current and near term lack of adequate ready-for-issue assets of missiles, torpedoes, mines and conventional ammunition requires a rapid turn-around of non-ready-for-issue items to assure that Fleet units meet their asset readiness objectives. In the event of contingency situations, surges, and general mobilization, the rapid turn around of these assets becomes more critical to meet Fleet asset readiness objectives of 100% shipfull.

b. Provides a cadre of trained, certified, skilled, technical personnel for rapid response to contingency situations, surges, and ultimate mobilization. Other contributing rationale include the need for:

(1) Three to six months required to certify maintenance personnel to satisfactory level of competence.

(2) Minimum of one year required to quality personnel to operate/troubleshoot test equipment.

c. Provides and maintains critical sea/shore rotation assignments for highly skilled military personnel.

(1) Military personnel staff MK 48 and MK 46 IMAs at WPNSTA Charleston and Yorktown, and MK 46 IMAs at WPNSTA Seal Beach and WPNSTA Earle.

(2) Military personnel staff surface missile shops at WPNSTA Concord, Seal Beach, Charleston, and Yorktown.

d. Achieves essential training for military personnel on weapons and weapon systems. Maintains proficiency while on shore duty assignments.

e. OMB Circular A-76 provides for the exemption of intermediate level maintenance.

f. Weapons and combat systems Intermediate Level Maintenance performed at the coastal Weapon Stations is vital to the National Defense and a CORE of these highly skilled engineers and technicians under government control is essential to permit rapid mobilization.

TAB G

1. FUNCTION TITLE: DEPOT LEVEL MAINTENANCE.

a. Function Code. K531 Aircraft
K534 Maintenance

b. Definition. The maintenance performed on material that requires major overhaul or a complete rebuild of parts, assemblies, subassemblies, and end items, including the manufacture of parts, modifications, testing, and reclamation as required. Depot maintenance services to support lower categories of maintenance. Depot level maintenance provides stocks of serviceable equipment or components by using more extensive facilities and equipment and personnel of higher technical skills for repair than are available in lower level intermediate or organizational maintenance activities.

2. REQUIREMENTS. The K531 and K534 categories are identified to Aircraft and Vessels, which include armament, electronics, and communication equipment and any other equipments that are an integral part of an aircraft or vessel. Identified to these functions are assignments at various activities such as:

a. The Electronic Warfare Systems which include Electronic Countermeasures Systems, Electronic Surveillance Measures, and Associated Ground Support Equipment, for the ALQ-99, 99E and SLQ-32 programs.

b. Radio Frequency Systems which include all AEGIS Microwave Tubes, High Powered/Low Powered Microwave Tubes and Associated Test Equipment, for such programs as ALQ-100, 126A, 126B, 162, 165, SPS 39A, 48, 52, SPQ 9A, SPG 51B, 51C, 55B, MK 92 and SLQ32.

c. Rotating Components which include Gyro's, Syncros, Resolvers, Motor-Tachometers, and Encoders, supporting gun and fire control systems, Terier, Tartar, Polaris, Poseiden and Trident.

d. Ordnance Systems Component Rework (OSCR) which includes antenna systems and related equipment associated with aircraft landing, search radar, radar repeaters, and communications.

e. Fleet Support Calibration Laboratory which is a calibration effort in direct support of Atlantic Fleet Units. Calibration of equipment and test sets received from Fleet Tender Overflow Program. Calibration Laboratory performs acceptance test and calibration of the majority of the electronic test equipment used in the Fleet.

f. Fire Control Systems include MK 86 Gun Fire Control System Repairable Modules, Engineering Support for Deployed Test Equipment.

g. Ships and Submarines Power Systems include engineering and maintenance support on SSN and SSBN motor generators up to 500 KW. Engineering and logistics support for breakers, switchgear, voltage spike suppression equipment.

3. ACTIVITY STAFFING.

ACTIVITY	CIV	MIL	TOTAL
NWSC Crane	521	0	521
NWS Earle	45	0	45
NWS Seal Beach	28	0	28
NWS Yorktown	26	0	26
NWS Louisville	1,905	0	1,905
TOTAL	2,525	0	2,525

4. CORE JUSTIFICATION.

a. The above staffing represents a highly skilled and controlled technical cadre that is essential for expansion of depot maintenance operations in the event of mobilization as well as provides the base for maintaining superiority in the technological competition with our adversaries.

b. OMB Circular A-76 states: A government commercial or industrial facility providing depot or intermediate level maintenance may be justified in accordnance with criteria approved by the Secretary of Defense to ensure a ready and controlled source of technical competence and resources to meet military contingencies.

c. OPNAVINST 4860.6C states: Navy policy is that depot or intermediate level maintenance continue in-house when determined by the Assistant Secretary of the Navy (Shipbuilding and Logistics) that the activity is required to support national defense.

TAB-H

1. FUNCTION TITLE. DEPOT LEVEL MAINTENANCE.

a. Function Code. K533 Missiles.

b. Definition. Missile depot level maintenance (K533) provides overhaul, modification, alternation, refurbishment, conversion, test and repair of missile systems and associated equipment (includes mechanical, electronic, and communications equipment that is an integral part of missile systems) at the following activities:

NWS Charleston
NWS Concord
NWSC Crane
NOS Indian Head
NWS Seal Beach
NWS Yorktown

2. REQUIREMENTS. Missile (K533) depot level maintenance is comprised of the following workload and task assignments:

a. Missiles/Missile Systems

Terrier (NWS, NWSC)
Tartar (NWS, NWSC)
Harpoon (NOS)
Standard (NOS)
Sparrow (NOS)
Sea Sparrow (NOS)
Sidewinder (NOS)
Phoenix (NOS)
Shrike (NOS)
Subroc (NWS)

b. Missile fire control modules/systems, target detection devices launchers, launch control systems modules, NATO sea systems test sets (NWS, NOS).

c. Wings, fins, handling bands, containers, dollies, cradles, missile fuze assemblies (NWS, NWSC).

3. ACTIVITY STAFFING.

ACTIVITY	CIV	MIL	TOTAL
NWS Charleston	43	0	43
NWS Concord	21	0	21
NWSC Crane	37	0	37
NOS Indian Head	106	0	106
NWS Seal Beach	103	0	103
NWS Yorktown	59	0	59
TOTAL	369	0	369

4. CORE JUSTIFICATION.

a. DEPOT LEVEL MAINTENANCE IS JUSTIFIED TO:

1. "Ensure a ready and controlled source of technical competence and resources necessary to meet military contingencies"

(Circular A-76 (REV) of 29 MAR 79)
(DOD Directiv 4151.1 of 15 JUL 82)

2. "Meet peacetime, mobilization, and sustained combat equipment readiness"

(OPNAVINST 4860.6C of 5 FEB 82)

3. "Be self-sufficient insofar as possible in providing direct maintenance support for weapons systems and equipment"

(OPNAVINST 4860.6C of 5 FEB 82)

b. The CA function designated (K533) provides a controlled source of technical competence and resources for depot level maintenance of missiles and missile systems which enables mobilization and sustained combat equipment readiness capability. It is essential that this function be designated as a "CORE" requirement.

TAB-I

1. FUNCTION TITLE: DEPOT LEVEL MAINTENANCE.

a. Function Code. K540 Armament

b. Definition. Depot level maintenance (K540) provides overhaul, modification, alteration, refurbishment, conversion, test and repair of small arms, artillery and guns, nuclear munition, CBR items, conventional ammunition, undersea warfare weapons, systems components and other ordnance items at the following activities:

NWS Charleston
NWSC Crane
NWS Earle
NOS Indian Head
NUWES Keyport
NWS Yorktown

2. REQUIREMENTS. (K540) depot level maintenance is comprised of the following workload and task assignments:

1. Torpedoes - MK 48, MK 46, MK 37 (NUWES).

2. Targets - MK 27, MK 30, Advanced Mobile Tracking Accoustic Torpedo Target (ADMATT) (NUWES).

3. Mines - MK 5, MK 60 (NUWES).

4. Fire Control Systems (NUWES).

(a) Surface - MK 111, MK 114, MK 116

(b) Submarine - MK 101, MK 112, MK 113, MK 117/CCS MK 1, MK 118/SID Trident.

5. Sonar (NUWES).

(a) Surface - AN/SQS - 56

(b) Submarine - AN/BQQ-5, AN/BQQ-6 Trident

6. Other (NWS, NWSC, NOS, NUWES).

MOSS	Exploders	JATO
ADCAP	Fuzes	Aircrew Escape Proplusion Devices
ALWT	Containers	Cartridge Acuated Devices (CADs)
SLMM	Pyros	ZUNI (Rocket)
CAPTOR	Flares	Mines
Radar Test Equipment	Warheads	
	Clarinet Merlin Bouys	

3. ACTIVITY STAFFING.

ACTIVITY	CIV	MIL	TOTAL
NWS Charleston	61	0	61
NWSC Crane	46	0	46
NWS Earle	10	0	10
NOS Indian Head	60	0	60
NUWES Keyport	1053	0	1053
NWS Yorktown	34	0	34
TOTAL	1264	0	1264

4. CORE JUSTIFICATION.

a. Depot level maintenance K540 CORE is required to:

(1) "Ensure a ready and controlled source of technical competence and resources necessary to meet military contingencies"

(Circular A-76 (REV) of 29 MAR 79)
(DOD Directives 4151.1 of 15 JUL 82)

(2) "Meet peacetime, mobilization, and sustained combat equipment readiness"

(OPNAVINST 4860.6C of 5 FEB 82)

(3) "Be self-sufficient insofar as possible in providing direct maintenance support for weapons systems and equipment"

(OPNAVINST 4860.6C 5 FEB 82)

b. The CA function designated (K540) provides a source of technical competence and resources for depot level maintenance which enables mobilization and sustained combat equipment readiness capability. It is vital that this function be designated as a "CORE" requirement.

TAB-J

1. FUNCTION TITLE: RDT&E MAINTENANCE AND SUPPORT

a. Function Code. R660

b. Definition. Includes effort directed toward support of installation or operations required for research, development, test, and evaluation use. Included are maintenance of test ranges, and maintenance of test aircraft and ships.

The Operation and Maintenance (R660) of undersea tracking ranges, performed exclusively at NUWES Keyport, provides critical direct support in the proof testing and evaluation of undersea weapons, weapons systems and components.

2. REQUIREMENTS. The operation and maintenance of test ranges (R660) is comprised of the following workload and task assignments:

a. Provide support to NAVSEA for the development of the Advanced Light Weight Torpedo (ALWT).

b. NAVSEA's designated ASW test agent (Pacific) to conduct Consolidated Operability Trials (COT), Weapons System Accuracy Trial (WSAT), Surface Ship Radiated Noise Measurement (SSRNM), and Fleet Operational Reliability Accuracy Checks (FORACS).

c. Conduct performance tests, range operations, and evaluations for undersea weapons and mobile target proofing programs and support undersea weapons systems improvement and research and development programs.

d. Design, manufacture, operate and maintain underwater three-dimensional tracking range facilities.

3. ACTIVITY STAFFING.

ACTIVITY	CIV	MIL	TOTAL
NUWES Keyport	399	205	604

4. CORE JUSTIFICATION.

a. Direct command and control of combined civil service/ military work force provides required basic capability to respond to surge and mobilization demands.

b. Production acceptance of contractor furnisned hardware is a government function.

c. Provides sea shore rotation for military.

d. Provides critical hands-on training for Navy reserves.

e. Provides a cadre of controlled engineering and technical resources critical in the operation and maintenance of undersea tracking ranges used in the testing and evaluation of undersea weapons, and components.

TAB-K

1. FUNCTION TITLE. ACCEPTANCE TESTING.

a. Function Code. T803

b. Definition. T803 Acceptance Testing includes activities engaged in operations pertaining to the inspection and testing of supplies and material to ensure that products meet minimum requirements of applicalble specifications, standards and similar technical criteria. Includes laboratories and other facilities with inspection and test capabilities, also includes activities engaged in production acceptance testing of ammunition, aircraft armament, mobility material, and other military equipment.

Acceptance testing (T803) applies to critical direct combat support in the acceptance, testing and evaluation of weapons, material, and supplies for the Navy at the following activities:

NWSC Crane
NOS Indian Head
NUWES Keyport
NWS Yorktown
NMWEA Yorktown

2. REQUIREMENTS. Acceptance testing (T803) is comprised of the following workload and task assignments:

a. Provide engineering/technical services to support the Trident program in areas of pre-deployment defensive weapon system certification and in-service engineering (NUWES).

b. Provide support to NAVSEA for the development of the Advanced Light Weight Torpedo (ALWT) (NUWES).

c. Torpedoes MK 46, MK 48, Advanced Capability (ADCAP) - verify acceptability of assembled torpedoes, develop in-water test plans, evaluate performance data (NUWES).

d. Conduct performance tests and evaluations for undersea weapons and mobile target proofing programs and support undersea weapon systems improvements, and research and development programs (NUWES).

e. Develop, maintain, and operate test facilities to support procurement of in-service mines, destructors, and associated equipment (NMWEA) (NOS) (NWS).

f. Plan and administer procurement, test analysis, storage, and distribution of components used in FBM weapons systems (NWSC).

g. Provide test capability for acceptance, qualification, and recertification test of modules (NWSC).

h. Perform failure analysis on electronic components and modules (NWSC).

3. ACTIVITY STAFFING.

ACTIVITY	CIV	MIL	TOTAL
NWS Charleston	9	0	9
NWSC Crane	180	0	180
NUWES Keyport	489	0	489
NWS Yorktown	14	0	14
NMWEA Yorktown	6	0	6
NOS Indian Head	18	0	18
NWS Seal Beach	12	0	12
TOTAL	728	0	728

4. CORE JUSTIFICATION.

a. Direct command and control of civil service work force provides required flexibility during surge and mobilization conditions.

b. Acceptance of contractor furnished hardware is a government function.

c. The CA function designated acceptance testing (T803) provides critical direct support in the acceptance, testing and evaluation of weapons, material, and supplies for the combat forces.

TAB-L

1. FUNCTION TITLE. QUALITY EVALUATION.

a. Function Code. T-803B

b. Definition. Quality Evaluation is that function which provides life-cycle evaluation and assessment of explosive ordnance reliability, maintainability, performance and safety. Also, the program identifies factors affecting the current stockpile condition and identifies trends to project/modify shelf life and service life. It is an investigative and diagnostic function which requires engineering judgment because there are no well defined specifications and criteria. The types of explosive ordnance evaluated include both threat weapons and level-of-effort weapons as follows:

- Strategic and Tactical Nuclear Weapons
- Air-Launched Missiles
- Torpedoes
- Underwater Mines
- Gun Ammunition
- Pyrotechnics and Demolition Material
- Bombs and Rockets
- Cartridge Actuated Devices

2. REQUIREMENTS. The Quality Evaluation requirement is contained in a DOD Directive which states, in part, that the product life cycle shall be analyzed and essential quality requirements defined, quantified, specified, measured and assured. Quality Evaluation provides life-cycle evaluation of combat systems and explosive ordnance using sophisticated state-of-the-art analytical techniques. The Quality Evaluation encompasses the all-up-round, sub-assemblies and components. Examples of results are priority issue of life limited material to avoid the procurement of replacements, restriction from use of material due to reliability or safety problems and material service life extension based upon analysis which permits continued use of material initially designated to be replaced at a specified time. As a result of these product oriented evaluations, the Navy has generated a constrained but unique technology base in the areas of non-destructive test techniques, electrochemical power sources, environment test, combat system and explosive ordnance performance analysis, chemical and physical properties

analysis, and metrology and gage engineering. To illustrate the dispersion of the technology base, the location and specific areas of expertise are provided below:

ACTIVITY	QUALITY EVALUATION EXPERTISE
NWS Seal Beach	Strategic Weapons Surface Missiles Air-to-Air Missiles Marine Corps Ammunition Navy Metrology Engineering Navy Gage Engineering
NUWES Keyport	Torpedoes Underwater Mines
NWS Concord	Warheads Air-to-Air Missiles Gun Ammunition Non-destructive Test
NWSC Crane	Pyrotechnics Strategic System Explosives Fuzing Electro-chemical Power Gun Ammunition Environment Test Sonobouys
NOS Indian Head	Propulsion Propellants Cartridge Actuated Devices Propellant Actuated Devices
NWS Yorktown	Underwater Mines Bombs Demolition Material Air-launched Missiles

3. ACTIVITY STAFFING.

ACTIVITY	CIV	MIL	TOTAL
NWS Seal Beach	703	1	704
NUWES Keyport	169	0	169
NWS Concord	184	0	184
NWSC Crane	287	0	287
NOS Indian Head	169	0	169
NWS Yorktown	76	0	76
NWS Earle	11	0	11
TOTAL	1599	1	1600

This represents a highly skilled technical base that would facilitate mobilization in an emergency as well as maintaining our technological superiority.

51-807 O—85——40

4. CORE JUSTIFICATION.

a. OMB Circular A-76 paragraph 5F(3) states that an in-house core capability should be established or maintained for those functions needed for technical analysis and evaluation and technology base management and maintenance.

b. The program provides for testing and evaluation which requires a value judgment affecting reliability, maintainability, performance and safety of in-service and new acquisition explosive ordnance. Judgments and decisions are made concerning explosive ordnance acceptability, shelf-life and service life. These are management decisions which may not be delegated to a contractor and must remain goverment functions.

c. Direct fleet support is provided in the areas of calibration, performance evaluation, safety, logistics, shelf-life and service-life determination which are essential to maintain the required state of readiness.

d. Acquistion support is provided in the areas of accelerated aging, application of the technology base and a corporate knowledge of lessons learned. Program Managers and technical managers rely on this type of experienced technology base for decision making during all phases of the life cycle of a weapon. The decision making cannot be contracted out without seriously degrading military and material readiness.

e. These capabilities are required during mobilization periods and must be ready to support acquisition, production and maintenance requirements for expanded test and evaluation.

f. No single commercial activity has the technological capability, diversity, scope and capacity to evaluate the spectrum of explosive technology. Contractors have specialized in specific technologies and could not adapt to the diverse nature of this work. In this respect Quality Evaluation is a unique capability.

TAB-M

1. FUNCTION TITLE: Products Manufactured/Fabricated In-House Ordnance Equipment.

a. Function Code. X931

b. Definition. Activities engaged in the manufacture and/or fabrication of ammunition and related products.

2. REQUIREMENTS. NAVSEA field activities manufacturing/fabrication efforts include maintaining limited production capabilities for DOD to meet urgent and/or unique requirements, to transition weapon systems, components and/or ingredients from goverment laboratory to large scale production, and to manufacture critical items not commercially available. Examples of products manufactured/fabricated are as follows:

a. NWSC CRANE

Warheads for Sparrow Missiles

b. NOS INDIAN HEAD

Propulsion Systems for
- Standard Missile
- Shrike
- Gas Generators
- ASROC
- JATOs
- Smokey Sam Missiles
- Sidewinder Missiles

Propellants/Pyrotechnics
- Otto Fuel II
- Polaris Base Grains
- Zuni Rocket Grains
- 2.75 Rocket Grains

Explosives/Warheads
- SLMM/Quickstrike Mines
- MK 103 Torpedo
- MK 4-0 Underwater Sound Signals

Chemicals
- MAPO (Methylaziridinyl Phospheneoxide)
- Pyroloc (Bonding Agent)
- EPON 812 (Epoxy Resin)
- HBNG (High Bulk Nitro Guanadine)
- PNC (Pelletized Nitrocellulose)

NG (Nitroglycerine)
EDDN (Ethyene Diamenedinitrate)

CADs/PADs
Aircrew Escape System Devices for Aircraft
F-18, F-14, A-7, S-3, AV-8
Stores Release
Sonabouy, Bombs, Missiles, Flares, ECMs, Chaff
Missile CADs
Harpoon, Terrier, Cruise Missile
Safety System CADs
Fire Extinguisher Cartriges

Simulators/Trainers for
Standard Missile
Tomahawk
Harpoon
Smokey Sam Launcher

c. NWS YORKTOWN

Explosive Loading Warheads:
MK 90 & 115 for Standard Missile
WQU-18B Harpoon
MK 107 for MK 48 Torpedo
MK 82 for Phoenix
WEU-7/B for Phoenix

3. ACTIVITY STAFFING. The number of personnel required to support a Core manufacturing/fabrication capability was determined through two types of analysis.

a. Mobilization Base. Each processing plant which is required for mobilization was broken down by the minimum number of skilled personnel required to maintain a base capable of mobilizing to required capacity within the specified timeframe.

b. Technology Base. Each processing plant was broken down by skills/knowledges required to maintain a technology base. The minimum number of personnel was then determined based on historical data, maintenance of a proper technology mix and experienced judgement of technical expertise specialists for each process area.

ACTIVITY	CIV	MIL	TOTAL
NWSC Crane	9	0	9
NOS Indian Head	393	0	393
NWS Yorktown	25	0	25
TOTAL	427	0	427

4. CORE JUSTIFICATION.

a. Provides flexible warm base consisting of production facilities and a cadre of highly skilled personnel for rapid response to contingency situations, surges, and mobilization requirements.

b. Provides interim manufacturing of critical items until Army/Commercial Industrial Base can be brought on line.

c. Provides hands-on experience for Design and In-Service Engineering Agents that enable them to better:

(1) Formulate and implement Product Improvement Programs to eliminate design deficiencies.

(2) Improve the producibility/reliability of items by design changes to incorporate more reliable, more producible state-of-the-art manufacturing techniques as they are developed.

(3) Determine the validity of waiver, deviation and engineering change requests from contractors.

(4) Conduct technical reviews of contractor's manufacturing operations and provide assistance in achieving solutions to technical problems the contractor may have encountered during manufacture.

(5) Maintain and authenticate up-to-date Data Packages for Commercial procurement.

(6) Develop state-of-the-art manufacturing process and inspection techniques.

d. Provides critical acquisition engineering knowledge which enhances the establishment of standards for cost, quality, performance and safety.

e. Facilitates the development of U.S. and International Ordnance Technical Training.

f. Provides support in accordance with the Joint Services Agreement on Consolidation of CAD/PAD Functions dtd 2 October 1973.

g. Provides support for Single Manager for Conventional Ammunition (SMCA) for interim production of 2.75 rocket grains and LOVA and production to meet surge requirements as delineated in COMNAVSEA ltr 641:LEM, Ser 76 of 22JUN 82.

DEPARTMENT OF THE NAVY
NAVAL SEA SYSTEMS COMMAND
WASHINGTON D.C. 20362

IN REPLY REFER TO
4860
Ser 073/935
DEC 1984

From: Commander, Naval Sea Systems Command
To: Chief of Naval Material (MAT 09)

Subj: COMMERCIAL ACTIVITIES (CA) PROGRAM; CORE LOGISTIC ACTIVITIES

Ref: (a) CHNAVMAT ltr Ser 09/1312 of 5 Dec 84
(b) NAVSEA ltr 07/JCM 4860 Ser 455/073 of 19 Aug 83
(c) CHNAVMAT First Endorsement dtd 31 Aug 83 on NAVSEA ltr 07/JCM 4860 Ser 455/073 of 19 Aug 83
(d) NAVSEA ltr 4860 Ser 073/936 of 19 Dec 84

Encl: (1) Listings of Logistics Functions (K---) at Naval Shipyards and Naval Ordnance Activities that must remain in-house
(2) Listing of non-depot (non-K---) functions at Naval Shipyards, Naval Ordnance Activities and NAVELEX Activities that must remain in-house

1. Reference (a) requested COMNAVSEA to review guidance contained in enclosure (1) thereto and submit all Core Logistics functions proposed for A-76 exemption to CHNAVMAT. This letter responds to reference (a).

2. Reference (b) submitted COMNAVSEA's request for Depot Level Maintenance Core exemption. CNM forwarded the request by reference (c) and recommended approval. Reference (d) modified and resubmitted reference (b) request for Depot Level Maintenance Core exemption to bring it up to date. References (b) and (d) constitute an accurate, up-to-date request for Depot Level Maintenance Core exemption as requested by reference (a), but do not contain all the information elements requested by CNO in enclosure (1) to reference (a). Enclosures (1) and (2) contain the additional information requested by enclosure (1) to reference (a).

3. Enclosure (1) to reference (a) specifically requests information as follows:

- Name, location and description of the activity and the number of civilians and military authorized to perform the function. For purposes of this report, an activity is an organization unit performing one of the functions specified in Appendix A of OPNAVINST 4860.6C (example - aircraft engine maintenance (K532), NARF, Norfolk, VA 5 civilian 65 military).

Subj: COMMERCIAL ACTIVITIES (CA) PROGRAM; CORE LOGISTIC ACTIVITIES

- For each activity included, separate reasons stating why the personnel, equipment, or facilities must be retained in-house; there may be cases where the facilities and equipment should remain in-house but the personnel could be subjected to competition.

The requested information is provided in enclosure (1).

4. Paragraph 3 of enclosure (1) to reference (a) states: "A second list, containing non-depot functions (such as ADP, non-depot supply support, etc) that you feel should be considered for core exemption should be submitted at the same time. This list should provide the same information as requested above and clear justification rationale."

This requirement has been interpreted to apply strictly to non-depot functions performed at the Depot Maintenance activities to which paragraph 2 is limited. Therefore, the information provided in response to this request, contained in enclosure (2), is limited to non-Governmental and non-depot functions (i.e., non-K--- functions as listed in OPNAVINST 4860.6C list of CA functions) recommended for A-76 study exemption and performed at the NAVSEA Depot Maintenance activities listed in enclosure (1). Enclosure (2) does not contain other non-Governmental NAVSEA headquarters or NAVSEA field activity functions that perhaps should be exempt from A-76 study.

5. References (b) and (d), along with enclosures (1) and (2), constitute NAVSEA's updated request for A-76 study exemption for Depot Level Maintenance Core logistics functions, and the additional information elements requested by reference (a).

J. C. McARTHUR
Rear [illegible], U. S. Navy
[illegible] - Industrial
[illegible]agement

LIST OF LOGISTIC FUNCTION K534 AT NAVAL SHIPYARDS

DESCRIPTION	NAME/LOCATION	FTP CIVILIANS	MILITARY*
K534/Vessels - Repair Maintenance, Modification, Alteration and/or Rebuild of Equipment (Depot/Indirect)	NAVSHIPYD Portsmouth Portsmouth, NH	6,307	-
"	NAVSHIPYD Philadelphia Philadelphia, PA	7,484	-
"	NAVSHIPYD Norfolk Norfolk, VA	9,636	-
"	NAVSHIPYD Charleston Charleston, SC	6,192	-
"	NAVSHIPYD Long Beach Long Beach, CA	4,401	-
"	NAVSHIPYD Mare Island Vallejo, CA	7,566	-
"	NAVSHIPYD Puget Sound Puget Sound, WA	9,776	-
"	NAVSHIPYD Pearl Harbor Pearl Harbor, HI	5,531	-
	TOTAL	56,893	-

NOTE: NAVSEA ltr 07/JCM 4860 Ser 455/073 of 19 August 1983 and NAVSEA ltr 4860 Ser 073/936 of 19 December 1984 contained detailed rationale and justification for exemption of the personnel performing each Core function in NAVSEA Depot Maintenance activities. In those cases where equipment or facilities are not explicitly addressed in the Core justifications, adequate production facilities and equipment must be available and maintained in a state of readiness to support the required personnel which are justified. Unless these facilities are ready and controlled, Depot Maintenance activities will not be able to meet mobilization requirements. In other words, there are no functions where Core personnel are justified for which facilities and equipment could be contracted out.

*Military assigned perform Governmental functions and are not included in the Core.

Enclosure (1)

DESCRIPTION	NAME/LOCATION	FTP CIVILIANS	MILITARY*
K547A-Quality Assurance, Metrology/ Reference Standards Laboratory	NAVSHIPYD Portsmouth Portsmouth, NH	38	-
	NAVSHIPYD,Philadelphia Philadelphia, PA	21	-
	NAVSHIPYD Norfolk Norfolk, VA	15	-
	NAVSHIPYD Charleston Charleston, SC	88	-
	NAVSHIPYD Long Beach Long Beach, CA	100	-
	NAVSHIPYD Mare Island Mare Island, CA	95	-
	NAVSHIPYD Puget Sound Puget Sound, WA	18	-
	NAVSHIPYD Pearl Harbor Pearl Harbor, HI	95	-
	TOTAL	470	-

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* Military assigned perform Governmental functions and are not included in the Core.

PROPOSED CORE FUNCTIONS
ORDNANCE SHORE STATIONS

CODE/FUNCTION	STATIONS	POSITIONS
K531 AIRCRAFT EQUIPMENT	NAVWPNSUPPCEN CRANE	116

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17 DEC 1984

PROPOSED CORE FUNCTIONS
ORDNANCE SHORE STATIONS

CODE/FUNCTION	STATIONS	POSITIONS
K533 MISSILES	WPNSTA CHARLESTON	43
	WPNSTA CONCORD	21
	NAVWPNSUPPCEN CRANE	37
	NAVORDSTA INDIAN HEAD	106
	WPNSTA SEAL BEACH	103
	WPNSTA YORKTOWN	59

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17 DEC 1984

PROPOSED CORE FUNCTIONS
ORDNANCE SHORE STATIONS

CODE/FUNCTION	STATIONS	POSITIONS
K534 VESSEL - ELECTRONIC EQUIPMENT	NAVWPNSUPPCEN CRANE	405
	WPNSTA EARLE	45
	WPNSTA SEAL BEACH	28
	WPNSTA YORKTOWN	26
	NAVORDSTA LOUISVILLE	1,905

PROPOSED CORE FUNCTIONS
ORDNANCE SHORE STATIONS

CODE/FUNCTION	STATIONS	POSITIONS
K540 ARMAMENT-AMMUNITION	WPNSTA CHARLESTON	61
	NAVWPNSUPPCEN CRANE	46
	WPNSTA EARLE	10
	NAVORDSTA INDIAN HEAD	60
	NAVUSEAWARENGSTA KEYPORT	1,053
	WPNSTA YORKTOWN	34

SUMMARY OF CORE (OTHER THAN "K" FUNCTIONS)

CODE/FUNCTION / LOCATION	NAVAL SHIPYARDS								TOTAL FTP CIV/MIL**
	PTSMH / PTSMH NH	PHILA / PHILA PA	NORVA / PTSMH VA	CHASN / CHASN SC	LBEACH / LBEACH CA	MARE / VALEJO CA	PUGET / BREM WA	PEARL / PEARL HI	
S716D/Weight Handling Equipment (WHE) Operations	124	260	251	143	89	132	157	137	1,293 -
S718/Fire Protection and Prevention Services	40	49	72	*NAVSTA CHASN	*NAVSTA LBEACH	*NAVSTA MARE	63	*NAVSTA PEARL	224 -
S724B/Patrol (Police Protection) (Does not include Guards)	71	87	61	*NAVSTA CHASN	*NAVSTA LBEACH	*NAVSTA MARE	153	*NAVSTA PEARL	372 -
S725A-S730A/Public Works Utility Operations	99	137	306	177	146	103	115	*PWC PEARL	1,083 -
T801D/Supply Department Care, Rewarehousing and Support of Material	228	318	243	165	143	130	183	163	1,573 -
T999G/Supply ILS Execution	0	31	0	0	0	0	0	0	31 -
Z992/Industrial Production Facility Repairs	83	234	105	140	0	68	180	*PWC PEARL	810 -
Z997A/Railroad/Crane Track Maintenance (Nuclear)	2	NON NUCLEAR	2	5	NON NUCLEAR	0	12	*PWC PEARL	21 -
TOTAL	647	1,116	1,040	630	378	433	863	300	5,407 -

*Indicates activity which provides service to shipyard.

**Military assigned perform Governmental functions and are not included in Core.

PROPOSED CORE FUNCTIONS
ORDNANCE SHORE STATIONS

CODE/ FUNCTION	NSWSES PH	WPNSTA CHARLESTON	WPNSTA CONCORD	WPNSTA EARLE	WPNSTA S BEACH	WPNSTA YORKTOWN	NOSL	NOSIH	NUWES KEYPORT	NWSC CRANE
T800 OCEAN TERM. OPS.		91	259	148	215	305		12	138	
J503 MISSILES		73	123	40	168	233				
J512 ARMAMENT		4	73	49	26	225				
R660 OP. TEST RANGE									604	
T803 PROOF TESTING		9			12	20		18	489	180
T803B EVAL. AMMO IN STORAGE			184	11	704	76		169	169	287
X931 PRODUCTION						25		393		9
T813 (NOTE 1) FLT. SUPPORT ENGR.	611						15	24		225

NOTE 1: This function is under review and may be reclassified from Core to a Governmental function. NAVMAT msg 3118132 Jan 83 and NAVSEA msg 142233Z APR 83 refer.

17 DEC 1984

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SUMMARY OF CORE (OTHER THAN "K" FUNCTIONS

NAVAL ELECTRONIC SYSTEMS ENGINEERING COMMAND

	DESCRIPTION	NAME/LOCATION	CIVILIANS
J507 -	Electronics and Communications Equipment - Maintenance and/or Repair of Equipment (intermediate/ Direct/General)	NESEC, San Diego, CA	79

A core capability for providing depot and intermediate level maintenance must be maintained, (a) as a ready and controlled source of technical competence and resources for depot level maintenance to meet peacetime, mobilization, and sustained combat equipment readiness, and (b) provide direct (intermediate) maintenance support for weapons systems and equipment.

Sustaining a minimum core capability and technical competence in the Functional Area of Electronic and Communications Equipment is essential to peacetime readiness and mobilization combat contingencies.

NAVAL MATERIAL COMMAND PRIMARY MISSION CORE LOGISTICS ACTIVITIES

Function (Description)	NAVAIR (Civ/Mil)	NAVSEA (Civ/Mil)	NAVSUP (Civ/Mil)	NAVFAC (Civ/Mil)	TOTAL
J503 (missiles)		318/319			318/319
J506 (non combat veh)				48/0	48/0
J507 (elect/comm eqpt)		*79/0			*79/0
J510 (railway eqpt)				1/1	1/1
J511 (special eqpt)				161/0	161/0
J512 (armament)		299/78			299/78
K531 (aircraft)	18,647/51	116/0			18,763/51
K532 (engines)	2,767/0				2,767/0
K533 (missiles)	222/0	369/0			591/0
K534 (vessels)		59,302/0			59,302/0
K540 (armament/ammo)		1,264/0			1,264/0
K546 (test eqpt)	611/0				611/0
K547 (qual assurance)		470/0			470/0
K548 (grd supp eqpt)	901/0				901/0
R660 (ops test range)		399/205			399/205
S716D (wt hdlg eqpt)		1,293/0			1,293/0
S717 (transp maint)				7/0	7/0
S725 (elect util)				176/0	176/0
S726 (heat util)				231/0	231/0
S727 (water util)				43/0	43/0
S728 (sewage util)				30/0	30/0
S730 (other util)				73/0	73/0
S725-730 (util ops)		1,083/0			1,083/0
T800 (ocean term ops)		1,131/37	244/0	4/0	1,379/37
T801 (storage/whse)			3,623/0	233/4	3,856/4
T802 (cataloging)				5/0	5/0
T803 (accept test)		728/0			728/0
T803B (qual eval ammo)		1,600/0			1,600/0
T805 (bulk liq stor)			238/0	7/0	245/0
T810 (air trans serv)			70/0		70/0
T813 (flt supt engr)		875/0			875/0
T999C (supply ILS exec)		31/0			31/0
W824 (data process ser)			1,091/0		1,091/0
W826 (sys design, dev/prog)			1,540/0		1,540/0
X931 (production)		427/0			427/0
Z997A (nuclear rr trk maint)		21/0			21/0
	23,148/51	69,805/639	6,806/0	1,019/5	100,778/695

*Naval Electronic Systems Engineering Center (NESEC San Diego, CA)

NAVAL MATERIAL COMMAND SUPPORT CORE LOGISTICS ACTIVITIES

Function (Description)	NAVAIR (Civ/Mil)	NAVSEA (Civ/Mil)	NAVSUP (Civ/Mil)	NAVFAC (Civ/Mil)	TOTAL
S718 (fire protect ser)		224/0			224/0
S724B (patrol)		372/0			372/0
T801D (storage/whse)		1,573/0			1,573/0
W824 (data process)				67/0	67/0
W826 (sys design, dev/prog)				71/0	71/0
Z992 (indust fac repair)		810/0			810/0
Z998 (graving dock)				9/0	9/0
		2,979/0		147/0	3,126/0

ARMY MATERIEL COMMAND

AMCSM-PST

22 MAR 1985

MEMORANDUM FOR DEPUTY COMMANDER FOR MATERIEL READINESS

SUBJECT: Core Logistics

1. This memorandum will describe the various evolutions undertaken in processing the Army's input to OSD on this subject.

a. At TAB A is AMC's input to DA. It was signed out by General Thompson on January 22 after his second briefing on the subject. The attachment shows functional codes by installations and includes facilities, equipment and personnel within the core.

b. At TAB B is the Army's initial input to OASD. Note that it was signed out by Eric Orsini on 8 March 1985. It includes only the functional codes we had listed (no installations) and indicates that the facilities equipment and personnel are included in the core.

c. TAB C carries a draft of the document that OASD (MI&L) proposed that Secretary Weinberger would sign off to the Congress. It was datafaxed to us on March 18 and, as requested, we made telephonic comment by noon of the 19th. Our proposed additions are handscribed on the copy.

d. At TAB D is the response that the Army staff has prepared for return comment to OASD as a response to TAB C. It is our understanding that the ODCSLOG people who put this together were responding to direct guidance from OCSA and CSA.

2. Major changes between the document signed out by Mr. Shannon and the preceding documents are:

a. Emphasis on the cost effectiveness of meeting workloads.

b. The concept of including a mix of types of capability in the core, i.e. GOGO, GOCO, and COCO.

c. Citation of the 8-hour day, five day week at 85 percent of capacity as a key criteria in making core decisions.

AMCSM-PST
SUBJECT: Core Logistics

d. The inclusion of only maintenance depots in the proposed core if facilities are, in fact, to be identified.

Signed

4 Encl
as

JOSEPH A. FLOYD
Assistant Deputy Chief of Staff
for Supply, Maintenance, and
Transportation - Policy and Procedures

Mr. O'Keefe
wdg/48357/22 Mar 83

Col Brooks

DEPARTMENT OF THE ARMY
HEADQUARTERS, U. S. ARMY MATERIEL COMMAND
5001 EISENHOWER AVENUE, ALEXANDRIA, VA 22333-0001

January 22, 1985

Lieutenant General Benjamin F. Register, Jr.
Deputy Chief of Staff for Logistics
Department of the Army
Washington, D. C. 20310-0102

Dear General Register:

This responds to your letter on Core Logistics Activities which Major General Russo signed out in your behalf on December 16, 1984.

Forwarded under separate cover, this command submitted a comprehensive depot mission exemption package that traces the development of specific numerical data and that provided the rationale and methodology employed in the computational process. I request your support for these packages and believe that it is important that they be forwarded through COA to the ASA(IL) for approval.

The information attached hereto provides the data requested by your December 16 letter. The approach that drives our thinking in preparing these enclosures is consistent with the premise contained in your letter —— that the core should be identified in terms of the functions that must be retained in-house to provide an acceptable mobilization base. We have expanded on that premise by including the concept of essentiality to readiness as an additional characteristic of core functions. These criteria were considered after governmental and national defense functions were filtered out.

While considering the identification of core logistic functions within this command, it has become apparent that logistic functions performed by other Army organizations which directly contributed to mission performance by AMC must also be included in the Army's logistic core. The heavy maintenance effort at Fort Hood, Texas, is an example of such logistic

function. Request that the logistic core identified to the Office Assistant Secretary of Defense (Manpower, Installations and Logistics) include such functions.

Sincerely,

Richard H. Thompson
General, U. S. Army
Commander

Enclosures

ACTIVITY/ INSTALLATION	FUNCTION GFA CODE	FACILITIES CORE YES	FACILITIES CORE NO	EQUIPMENT CORE YES	EQUIPMENT CORE NO	PERSONNEL CORE YES	PERSONNEL CORE NO	JUSTIFICATION
Watervliet Arsenal	Depot Supply Opns (T801A,C,D,E,F,H,T999)	X		X		X		Mob Essential Read Essential
	Manufacturing (X931)	X		X		X		Mob Essential
	ADP Support (W824)	X		X		X		Nonseparable
Rock Isl Arsenal	Depot Supply Opns (T801A,C,D,F,G,T999)	X		X		X		Mob Essential Read Essential
	Manufacturing (X931)	X		X		X		Mob Essential
Crane AAP	Depot Supply Opns (T801A,C,D,G,T999)	X		X		X		Mob Essential
	Manufacturing (X931)	X		X		X		Mob Essential
	ADP Support (W824)	X		X		X		Nonseparable
McAlester AAP	Depot Supply Opns (T801A,C,D,G,T999)	X		X		X		Mob Essential
	Manufacturing (X931)	X		X		X		Mob Essential
	ADP Support (W824)	X		X		X		Nonseparable
Anniston	General Suply Dist (T801A,C,D,E,F,H)	X		X		X		Mob Essential Read Essential
	Ammunition Dist (T801A,C,D,E,H,K533,K550)	X		X		X		Mob Essential
	Maintenance (K531,K533,K535,K540,K999)	X		X		X		Mob Essential Read Essential
	ADP Support (W824)	X		X		X		Nonseparable

ACTIVITY/ INSTALLATION	FUNCTION CFA CODE	FACILITIES CORE YES	FACILITIES CORE NO	EQUIPMENT CORE YES	EQUIPMENT CORE NO	PERSONNEL CORE YES	PERSONNEL CORE NO	JUSTIFICATION
Lexington-Blue Grass	General Supply Dist (T801A,C,D,E,F,H)	X		X		X		Mob Essential Read
	Ammunition Dist (T801A,C,D,E,F,H,T999,K533,K540)	X		X		X		Mob Essential
	Maintenance (K537,K540)	X		X		X		Mob Essential Read Essential
	ADP Support (W824)	X		X		X		Nonseparable
Corpus Christi	General Supply Dist (T801A,C,D,E,F,H)	X		X		X		Mob Essential Read Essential
	Maintenance (K531,K532,K541)	X		X		X		Mob Essential Read Essential
	ADP Support (W824)	X		X		X		Nonseparable
Letterkenny	General Supply Dist (T801A,C,D,E,F,H)	X		X		X		Mob Essential Read Essential
	Ammunition Dist (T801A,C,D,E,F,H,T999,K533,K540)	X		X		X		Mob Essential
	Maintenance (K531,K533,K535,K536,K539, K540 K547)	X		X		X		Mob Essential Read Essential
	ADP Support (W824)	X		X		X		Nonseparable
Savanna	Ammunition Dist (T801A,D,E,H,T999,X931,K540)	X		X		X		Mob Essential
	ADP Support (W824)	X		X		X		Nonseparable
New Cumberland	General Supply Dist (T801A,C,D,E,F,H,T999)	X		X		X		Mob Essential Read Essential

ACTIVITY/ INSTALLATION	FUNCTION CFA CODE	FACILITIES CORE YES	FACILITIES CORE NO	EQUIPMENT CORE YES	EQUIPMENT CORE NO	PERSONNEL CORE YES	PERSONNEL CORE NO	JUSTIFICATION
Red River	General Supply Dist (T801A,C,D,E,F,H)	X		X		X		Mob Essential Read Essential
	Ammunition Dist (T801A,C,D,E,F,H,T999,K533,K540)	X		X		X		Mob Essential
	Maintenance (K531,K33,K535,K536,K540,K999)	X		X		X		Mob Essential Read Essential
	ADP Support (W824)	X		X		X		Nonseparable
Sacramento	General Supply Dist (T801A,C,D,E,F,H,T999)	X		X		X		Mob Essential Read Essential
	Maintenance (K531,K533,K534,K535,K999,K537,K540)	X		X		X		Mob Essential Read Essential
	ADP Support (W824)	X		X		X		Nonseparable
Seneca	Ammunition Dist (T801A,C,D,E,F,H,T999,K533,K540)	X		X		X		Mob Essential
	Maintenance (K540,K541)	X		X		X		Mob Essential
	ADP Support (W824)	X		X		X		Nonseparable
Sharpe	General Suply Dist (T801A,C,D,E,F,H,T999)	X		X		X		Mob Essential Read Essential
	ADP Support (W824)	X		X		X		Nonseparable

ACTIVITY/ INSTALLATION	FUNCTION GFA CODE	FACILITIES CORE YES	FACILITIES CORE NO	EQUIPMENT CORE YES	EQUIPMENT CORE NO	PERSONNEL CORE YES	PERSONNEL CORE NO	JUSTIFICATION
Sierra	Ammunition Dist (T801,K540)	X		X		X		Mob Essential
	ADP Support (W824)	X		X		X		Nonseparable
Tobyhanna	General Supply Dist (T801A,C,D,E,F,H)	X		X		X		Mob Essential Read Essentia
	Maintenance (K537,K999)	X		X		X		Mob Essential Read Essentia
	ADP Support (W824)	X		X		X		Nonseparable
Tooele	General Suply Dist (T801A,C,D,E,F,G,H,T812 T999,K533,K540)	X		X		X		Mob Essential Read Essentia
	Ammunition Dist. (T801A,C,D,E,G,G,H,T812, T999, K533,K540)	X		X		X		Mob Essential
	Maintenance (K531,K533,K535,K536,K537, K538,K539,K540,K541,K999)	X		X		X		Mob Essential Read Essentia
	ADP Support (W824)	X		X		X		Nonseparable
Ft. Wingate	Ammunition Dist (T801A,C,D,G,H,K539,K540)	X		X		X		Mob Essential
	ADP Support (W824)	X		X		X		Nonseparable

ACTIVITY/ INSTALLATION	FUNCTION GFA CODE	FACILITIES CORE YES	FACILITIES CORE NO	EQUIPMENT CORE YES	EQUIPMENT CORE NO	PERSONNEL CORE YES	PERSONNEL CORE NO	JUSTIFICATION
Pueblo	General Suply Dist (T801A,C,D,E,F,G,T812,T999)	X		X		X		Mob Essential Read Essential
	Ammunition Dist (T801A,C,D,E,G,H,T812, T999,K533,K540)	X		X		X		Mob Essential
	Maintenance (K533,K536,K539,K540)	X		X		X		Mob Essential Read Essential
	ADP Support (W824)	X		X		X		Nonseparable
Umatilla	Ammunition Dist (T801A,C,D,G,H,T812,T999,K540)	X		X		X		Mob Essential
	ADP Support (W824)	X		X		X		Nonseparable

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY

9 March 1985

MEMORANDUM FOR THE ASSISTANT SECRETARY OF DEFENSE
(MANPOWER, INSTALLATIONS AND LOGISTICS)

SUBJECT: Core Logistics Activities--INFORMATION MEMORANDUM

This is in response to your memorandum of 20 November 1984, (Tab B), requesting an identification of Army core logistics functions for your consideration in responding to a Congressional request.

We have surveyed the Army's logistic structure using the criteria provided in your memorandum and section 307 of the FY 85 Defense Authorization Act. We have excluded from our survey those activities which are deemed governmental in nature.

In compliance with DoD guidance, our organic depot maintenance peacetime physical capacity is planned to accomplish no more than 70 percent of the gross mission-essential depot maintenance work load requirements. At least 30 percent of the gross work load requirements are decided on the basis of economy and timely availability of commercial sources and the need to maintain a commercial industrial mobilization base. DA policy is to work load depots at one shift, 8 hours per day, 5 days per week at 85 percent capacity. Our depot maintenance decision tree process is used to make these organic contract decisions about individual work loads that support or implement the posture that has been planned. The posture planning process determines the high surge and low surge work load mix at each major AMC depot activity to assure wartime accomplishment of mobilization depot work load requirements. The process quantifies the minimum peacetime base of facilities, equipment, and personnel required in the outset of mobilization.

We consider the definition of core logistics as stated by the Joint Logistics Commanders, 8 December 1982, to be valid. Core logistics is the ready source of technical competence and resources required by the Army to provide materiel support to the operational forces.

The logistics core is composed of primary depot

-- Are essential to the success of war or contingency operations.

-- Provide direct material support to combat forces worldwide or directly support the deployment of combat forces in wartime or contingency situations.

-- Must be maintained without interruption to assure the peacetime readiness and wartime sustainability of combat forces.

-- Must be in-house to assure continuity, flexibility, and responsiveness.

-- Are subject to unacceptable risk of disruption under contract performance.

-- Are expected to have sizable or unpredictable surges in wartime or contingency situations.

Attached at Tab A are the wholesale level supply and maintenance activities, with their associated ADP support, which constitute Army core logistics activities.

I am available to discuss this matter in greater detail if you wish.

Enclosures

MAINTENANCE	FACILITIES CORE		EQUIPMENT CORE		PERSONNEL CORE	
	YES	NO	YES	NO	YES	NO
(K531) Aircraft	X		X		X	
(K532) Aircraft Engines	X		X		X	
(K533) Missiles	X		X		X	
(K534) Vessels	X		X		X	
(K535) Combat Vehicles	X		X		X	
(K536) Non-Combat Vehicles	X		X		X	
(K537) Electronic & Communication Equipment	X		X		X	
(K538) Railway Equipment	X		X		X	
(K539) Special Equipment	X		X		X	
(K540) Armament	X		X		X	
(K541) Industrial Plant Equipment	X		X		X	
(K547) Other TMDE	X		X		X	
(K999) Other Repair, Maintenance, Modification, Alteration and Rebuilding of Equipment	X		X		X	

DEPOT SUPPLY OPERATIONS*	FACILITIES CORE		EQUIPMENT CORE		PERSONNEL CORE	
	YES	NO	YES	NO	YES	NO
(T801) Storage and Warehousing	X		X		X	
(T801A) Receipt	X		X		X	
(T801C) Shipping	X		X		X	
(T801D) Care Pe-warehousing and Support of Materiel	X		X		X	
(T801E) Preservation and Packaging	X		X		X	
(T801F) Unit and Set Assembly and Disassembly	X		X		X	
(T801G) Special Processing of non-stock	X		X		X	
(T801H) Packaging and Crating	X		X		X	
(T812) Rail Transportation Services	X		X		X	
(T999) Other Nonmanufacturing Operations	X		X		X	
(X931) Ordinance Equipment	X		X		X	

* Depot Supply Operations includes Ammunition function

AIF SERVICE	FACILITIES CORE		EQUIPMENT CORE		PERSONNEL CORE	
	YES	NO	YES	NO	YES	NO
(9824) Data Processing Services *	X		X		X	

* All services in support of these wholesale maintenance and supply functions/activities listed as core.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, DC 20301

MANPOWER
INSTALLATIONS
AND LOGISTICS

18 MAR 1985

MEMORANDUM FOR THE ASSISTANT SECRETARY OF THE ARMY (I&L)
ASSISTANT SECRETARY OF THE NAVY (S&L)
ASSISTANT SECRETARY OF THE AIR FORCE (RD&L)
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE MAPPING AGENCY

SUBJECT: Core Logistics Activities

I have reviewed the lists of core logistics activities you submitted in response to Mr. Calhoun's memorandum of November 20, 1984.

Attached is the draft of the report for Mr. Weinberger to send to Congress.

The report complies with the law by describing the logistics activities and the type of work that should be considered "core." I have deleted activities from your submission if they did not meet the definitions specified in Mr. Calhoun's letter or if they had previously been announced to Congress for A-76 competition. Failure to clear this core logistics test does not preclude an activity from being exempted from A-76 competition for other national defense reasons.

If I do not receive your comments by COB March 21, 1985, I will assume you concur with the report.

acting for Robert A. Stone
Deputy Assistant Secretary of Defense
(Installations)

Attachments

51-807 O—85——41

DEPARTMENT OF DEFENSE CORE LOGISTICS ACTIVITIES

The wholesale supply and maintenance of mission essential materiel at the following activities are needed by the Department of Defense to maintain a logistics capability (including personnel, equipment, and facilities) to ensure a ready and controlled source of technical competence and resources necessary to ensure effective and timely response to a mobilization, national defense contingency situation, and other emergency requirements, unless:

- a particular function at an activity has already been announced to Congress for OMB Circular A-76 cost comparison; or
- a particular function at an activity is already being performed by contract.

Definitions:

Materiel. Materiel consists of all tangible items (including ships, tanks, self-propelled weapons, aircraft, etc., and related spares, repair parts and support equipment; but excluding real property, installations, and utilities) necessary to equip, operate, maintain, and support military activities without distinction as to its application for administrative or combat purposes.

Mission-Essential Materiel. That materiel which is authorized and available to combat, combat support, combat service support, and combat readiness training forces to accomplish their assigned mission.

ARMY

Activities

Anniston Army Depot, Anniston, AL

Corpus Christi Army Depot, Corpus Christi, TX

Crane Army Ammunition Activity, Crane, IN

Fort Wingate Depot Activity, Wingate, NM

Letterkenny Army Depot, Letterkenny, PA

McAlester Army Ammunition Plant, McAlester, OK

New Cumberland Army Depot, New Cumberland, PA

Pine Bluff Arsenal, Pine Bluff, AR

Pueblo Depot Activity, Pueblo, CO

Red River Army Depot, Texarkana, TX

Rock Island Arsenal, Rock Island, IL
SACRAMENTO ARMY DEPOT, SACREMENTO CA
Savanna Depot Activity, Savanna, IL

Seneca Army Depot, Seneca, NY

Sharpe Army Depot, Sharpe, CA
SIERRA ARMY DEPOT, HERLONG CA
Tobyhanna Army Depot, Tobyhanna, PA

Tooele Army Depot, Tooele, UT

Umatilla Depot Activity, Umatilla, OR

Watervliet Arsenal, Watervliet, NY

NAVY

Naval Air Rework Facility, Alameda, CA

Naval Air Rework Facility Cherry Point, NC

Naval Air Rework Facility, Jacksonville, FL

Naval Air Rework Facility, Norfolk, VA

Naval Air Rework Facility Pensacola, FL

Naval Air Rework Facility, North Island, San Diego, CA

Naval Aviation Supply Office, Philadelphia, PA

Naval Construction Battalion Center, Gulfport, MS

Naval Ordance Station, Indian Head, MD

Naval Ordance Station, Louisville, KY

Naval Shipyard, Charleston, SC

Naval Shipyard, Norfolk, VA

Naval Shipyard, Long Beach, CA

Naval Shipyard, Philadelphia, PA

Naval Shipyard, Portsmouth, Kittery, ME

Naval Shipyard, Pearl Harbor, HI

Naval Shipyard, Puget Sound, Bremerton, WA

Naval Ship Repair Facility, Guam

Naval Supply Center, Charleston, SC

Naval Supply Center, Jacksonville, FL

Naval Supply Center, Norfolk, VA

Naval Supply Center, Oakland, CA

Naval Supply Center, Pearl Harbour, HI

Naval Supply Center, Puget Sound, Bremerton, WA

Naval Supply Center, San Diego, CA

Naval Undersea Warfare Engineering Station, Keyport, WA

Naval Weapons Station, Charleston, SC

Naval Weapons Station, Colts Neck, Earle, NJ

Naval Weapons Station, Concord, CA

Naval Weapons Station, Seal Beach, CA

Naval Weapons Station, Yorktown, VA

Naval Weapons Station Center, Crane, IN

Navy Ships Parts Control Center, Mechanicsburg, PA

TRIDENT Refit Facility, Bangor, Bremerton, WA

MARINE CORPS

Marine Corps Logistics Base, Albany, GA

Marine Corps Logistics Base, Barstow, CA

AIR FORCE

Aerospace Guidance and Metrology Center, Newark Air Force Station, OH

Ogden Air Logistics Center, Hill Air Force Base, UT

Oklahoma City Air Logistics Center, Tinker Air Force Base, OK

Sacramento Air Logistics Center, McClellan Air Force Base, CA

San Antonio Air Logistics Center, Kelly Air Force Base, TX

Warner Robins Air Logistics Center, Robins Air Force Base, GA

DEFENSE LOGISTICS AGENCY

Defense Construction Support Center, Columbus, OH

Defense Depot, Mechanicsburg, Mechanicsburg, PA

Defense Depot, Memphis, Memphis, TN

Defense Depot, Ogden, Ogden, UT

Defense Depot, Tracy, Tracy, CA

Defense Electronics Support Center, Dayton, OH

Defense General Supply Center, Richmond, VA

Defense Industrial Plant Equipment Center, Memphis, TN

Defense Logistics Service Center, Battle Creek, MI

Defense Subsistance Office, Bayonne, NJ

DEFENSE MAPPING AGENCY

Aerospace Center, Kansas City Field Office, Kansas City, MO

Aerospace Center, St Louis AFS, MO

Hydrographic/Topographic Center, Brookmont, MD

Hydrographic/Topographic Center, Geodesy and Surveys Department, Field Office Department, Louisville, KY

Hydrographic/Topographic Center, Geodesy and Surveys Department, Field Office Department, Providence, RI

Hydrographic/Topographic Center, Geodesy and Surveys Department, Field Office Department, San Antonio, TX

Hydrographic/Topographic Center, Geodetic Survey Squadron, Cheyenne, WY

Hydrographic/Topographic Center, Scientific Data Department, Omaha, NE

Office of Distribution Services, Brookmont, MD

Office of Distribution Services, Clearfield, PA

DEPARTMENT OF THE AIR FORCE
OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM

Memorandum for AF/CV

Subj: Core Logistics

As mentioned in the attached Staff Summary Sheet, I have serious reservations about identifying MASDC, which we have already tried to contract once, as "core". Last week I received an hour long briefing from AFLC and the Commander, MASDC, concerning the current mission and functions at MASDC. I agree they are important. I agree that additional modernization of facilities and equipment is urgently needed at MASDC and applaud the AFLC Commander's efforts to meet these needs in the near term. I agree that we should resist contracting of MASDC until all functions of lessor priority have been contracted.

However, I cannot in good conscience place MASDC and the five ALCs in the same list as "core". It cheapens the meaning of the word "core" and, in my view, will ultimately work against us in a Hill and/or OSD environment which is less friendly than at present.

On the other hand, if the Air Staff really feels strongly about this, then I am willing for yourself or Leo Marquez to sign the proposed memo to OSD. Please provide SAFALG with a dated copy. If the reference to MASDC is deleted, I will be pleased to sign. Otherwise, it is a good document, although you should be aware that, in its present form, by agreement with my office, it does not comply with the Congressional request for specific functions and personnel spaces. The other Services are following our lead in this. It is not yet clear whether OSD will agree to our current approach.

4 FEB

Lloyd Mosemann

* U.S.G.P.O. 1984-420-995/13626

DEPARTMENT OF THE AIR FORCE
OFFICE OF THE CHIEF OF STAFF
UNITED STATES AIR FORCE
WASHINGTON, D.C. 20330-2000

7 FEB 1985

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE
(MANPOWER, INSTALLATIONS AND LOGISTICS)

SUBJECT: Depot Core Logistics Activities (Your Memo, November 20, 1984) - INFORMATION MEMORANDUM

The attached Report of the Air Force on Depot Core Logistics Activities constitutes our response to your memorandum of November 20, 1984. We have not included functions or activities excluded from A-76 competition because they are governmental in nature. We believe the approach set forth in our response provides the Air Force the flexibility necessary to assure combat critical logistics support functions are managed and performed effectively in both peacetime and wartime.

Robert H Reed

ROBERT H. REED, Lt General, USAF
Assistant Vice Chief of Staff

1 Attachment
Report on Air Force
Depot Core Logistics Activities

Report of the

United States Air Force

Depot Core Logistics Activities

A. Purpose. The purpose of this report is to provide the Air Force response to the FY85 Authorization Act (Section 307) direction to define logistics core activities, and the 20 November 1984 OSD (MI&L) tasking memo. This report will define Air Force logistics core activities, specific locations of the activities, rationale for why the activities must be retained in-house, and identify specific activities excluded from the logistics core.

B. Introduction: The Air Force supports the congressional belief that the Services need a "logistics core" to assure a ready and controlled source of technical competence and resources. The logistics core provides flexibility and military command and control that are considered essential for providing logistics support to combat forces, particularly those processes expected to have sizable or unpredictable surges in wartime or contingency situations. The risk potentials associated with contracting out core logistics processes are unacceptable for several reasons. These reasons include: (a) once the organic capability is lost, it could not be readily reconstituted if the contract was disrupted; (b) these processes would be subject to the turmoil and disruption resulting from periodic contract resolicitation; and (c) military managers would be deprived of the flexibility to adjust their resource posture to meet a variety of wartime contingencies.

C. Scope:

1. While the Air Force is concerned about all aspects of logistics, the Air Force Logistics Command (AFLC) is directly responsible for depot level materiel support. Therefore, the logistics functions performed by other commands and logistics functions other than AFLC depot level are not addressed.

2. Certain functions within the Air Force are so intimately related to the public interest as to mandate performance only by federal employees. Such governmental functions are not in competition with the private sector and are only performed by government employees. These activities are excluded from cost study and potential contracting under the provisions of OMB Circular A-76. These activities are not included in accordance with the direction contained in the 20 November 1984 OSD (MI&L) memo.

3. Other activities performed by the government are deemed commercial activities, as they provide a product of service which could be obtained from a commercial source. OMB Circular A-76 authorizes the government to operate commercial activities

in-house if there is no satisfactory commercial source available, in the interest of patient care, because of lower cost or for reasons of national defense. This report defines Air Force depot core logistics activities which must be exempt from cost study under the logistics core and national defense exclusion criteria.

D. Definition, Criteria, and Composition:

1. The logistics core is the ready and controlled source of technical competence and resources required by the four services' logistics commands to provide depot level materiel support to the operational forces. This definition was approved by the Joint Logistics Commanders (JLC) in 1982 and is consistent with the language contained in Section 307 of the FY85 Authorization Act.

2. The Air Force has adopted the following definition of logistics core which is consistent with the JLC definition but is more descriptive of Air Force core processes. The Air Force depot core logistics consists of the organic resources required to manage and operate the inventory management, depot maintenance, distribution, and information systems processes required to support the combat forces of the US and its allies in military contingencies.

3. The logistics core processes are characterized by the following criteria:

a. Are essential to the success of war or contingency operations.

b. Provide direct materiel support to fleet and combat forces worldwide or directly support the deployment of military forces in wartime or contingency situations.

c. Must be maintained without interruption to assure the peacetime readiness and wartime sustainability of the fleet and combat forces.

d. Must be under military command and control to assure continuity, flexibility, and responsiveness.

e. Are subject to unacceptable risk of disruption under contract performance.

f. Are expected to have sizable or unpredictable surges in wartime or contingency situations.

4. The Air Force logistics core is a capability which is continually being updated, improved, and made more responsive to the operational requirements of the Services. It is a dynamic process which is driven by technological changes and required minimum capability. The Air Force must retain the capability to meet peacetime requirements and to surge to meet the

increased requirements of wartime. A decision tree analysis is used to determine workloads which must be accomplished organically and the maintenance location at which it is most logical to perform the work. The decision tree analysis and a posture planning process are used to achieve the most responsive workload balance and mix needed to satisfy the Air Force depot core logistics requirement. The Air Force must control those workloads vital to its wartime capability by accomplishing these core workloads in peacetime and maintaining the capability to ensure the core logistic processes to meet wartime requirements.

5. The Air Force uses a decision tree methodology to determine logistics core and non-core activities. The decision tree process assesses workloads to determine whether it is essential to the mission of the Air Force. This process identifies those activities which must be accomplished organically and those non-core activities which could be accomplished by the private sector. The posture planning process assesses the surge capability of the Air Force Logistics Centers and determines the geographic location at which the activity should be performed. Through use of the decision tree methodology and the posture planning process, the organic accomplishment of logistics core activities and the optimum mix of activities at specific geographic locations are assured.

a. The depot maintenance decision tree is used to make organic/contract decisions about individual work loads that support or implement the posture that has been planned through the posture planning process. The posture planning process determines the high surge and low surge work load mix at each major Air Force installation to assure wartime accomplishment of mobilization depot maintenance requirements. The process quantifies the minimum peacetime base of facilities, equipment, and personnel required in the organic depot maintenance core at the outset of mobilization. The depot maintenance logistics core defined in this report has been determined through the posture planning and maintenance decision tree processes.

b. The Generic Logistics Decision Tree (GLDT) is used to evaluate all Air Force Logistics Command depot activities other than depot maintenance. The Air Force has performed a command-wide GLDT review of all activities to determine activities which are potentially contractible. The GLDT analysis has been used in conjunction with the logistics core criteria to determine the Air Force logistics core and exceptions to the core that are defined in this report.

6. A further definition of the Air Force logistics core processes of distribution/supply, information systems, and depot maintenance is contained in the attachments.

3 Atch
1. Depot Maintenance Core Activities
2. Distribution Core Activities
3. Information Systems Core Activities

AIR FORCE DEPOT MAINTENANCE

CORE ACTIVITIES

FUNCTION: Depot Maintenance Production and Production Support

1. General: The Air Force Logistics Command (AFLC) Depot Maintenance Production and Production Support function is critical to the Air Force's execution of its mission. Depot maintenance management and management support is an inherent governmental function which must be performed by government employees. Depot maintenance production and production support operations are accomplished by both organic and contractual repair sources. The required organic minimum level constitutes the production and production support core. Some amount of all types of work load and operations is included in the core except those listed as exceptions. Those work loads not required as a part of the organic minimum level of capability are not part of the core. The specific work loads and operations included in the core continually change due to changes in wartime work loads and operational programs. Changes are accomplished through a formal decision tree methodology and a posture planning process. The decision tree process is the basis for determining activities which must be accomplished organically and those which are non-core.

2. Rationale for Including in the Logistics Core:

a. The rationale presented here includes the planning concepts and management system used by the Air Force to determine the minimum level of organic depot maintenance capability required to ensure effective and timely response to a mobilization, national defense contingency situation, and other emergency requirements. The factors that assure a greater degree of readiness and surge capability by retaining this minimum level under organic command and control are explained. The perspective is provided that the minimum core level retained as organic in FY83 was approximately 33 percent of total expenditures for depot maintenance; with 67 percent going to contractors.

b. The relative intensity of war dictates the rate of increase of required work loads during emergencies. If management can take corrective actions over an extended period of time, a lesser degree of preplanning and preparedness is required. In past conflicts, this lead time has been available. Both the AFLC and contractual repair sources had time to convert from peacetime to wartime work loads and accomplish the gradual build-up in work load. If this lead time does not exist, intense preplanning must be done to assure an immediate capability to change the mix of work and to accomplish the sudden need for a sharply higher level of output (see figure 1).

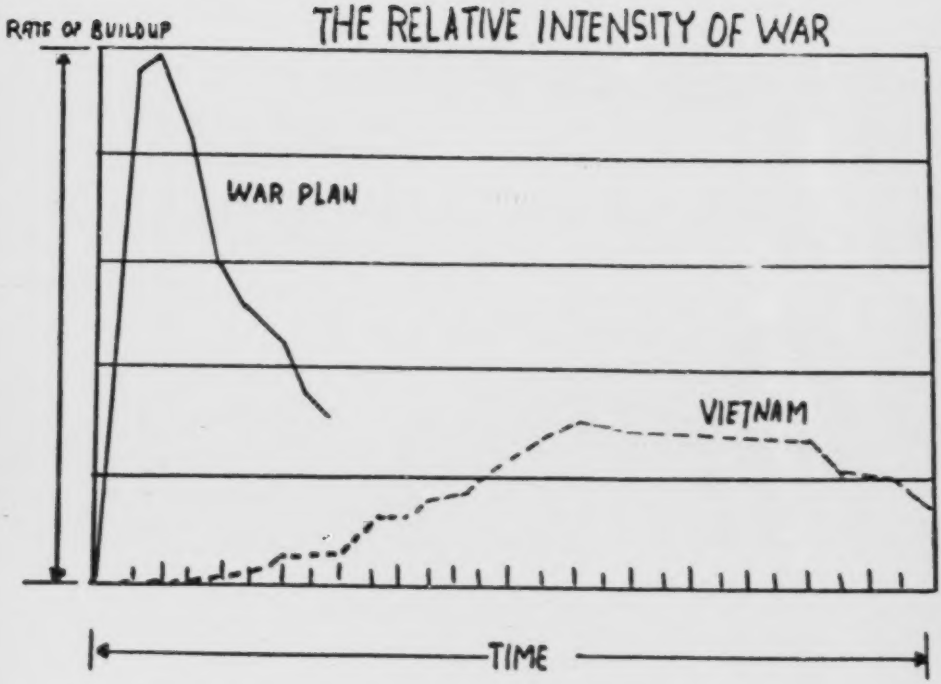

Figure 1

c. Thus, the primary focus of the system is to accomplish high surge work loads under organic command and control and to take the necessary actions in advance to assure these work loads can be accomplished in an emergency, contingency, or mobilization situation.

d. Wartime work loads and resource requirements are computed through the AFLC wartime requirements computation. Figure 2 illustrates the factors included in the computations to determine the peacetime organic personnel minimum level core requirements.

PERSONNEL MINIMUM LEVEL CORE REQUIREMENTS

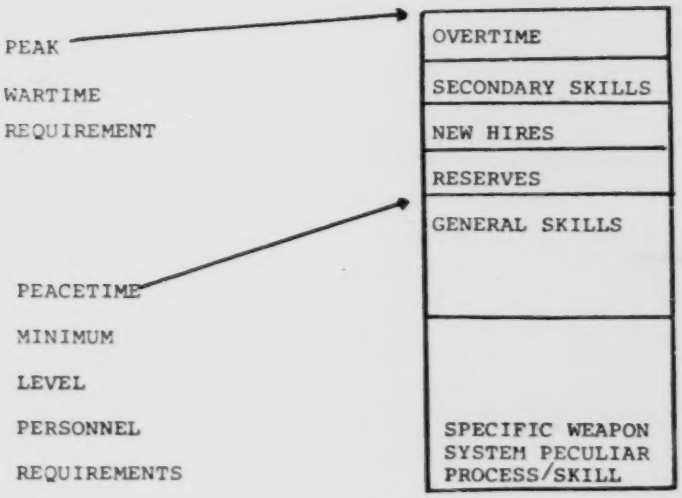

FIGURE 2

e. As shown, the minimum level is that level of peacetime personnel that can accomplish wartime work loads by working overtime and receiving augmentation from military reserve organizations, new hires, and cross-trained workers transferred from low or no-surge work loads. To reduce organic manning below this minimum level would mean some wartime work loads could not be accomplished. Thus, this minimum level is the depot maintenance organic core requirement that must be preserved and protected.

f. A formal, structured process is used to implement the concepts and system described above. One part of this process is a posture planning activity. A plan is maintained with goals to improve the wartime capability of each Air Logistics Center. A decision logic process, directed and approved by OSD, is used to determine organic versus contractual accomplishment of each new work load. The purpose of these processes is to assure a consistent and open approach, with consideration of all applicable factors, to determine which specific work loads will be included in the minimum level.

g. In addition to personnel, other minimum level resources requirements--such as facilities and equipment--are determined. Wartime work loads are simulated to assure there are no constraining resource shortages.

h. Work not required in the minimum level is placed on contract. This is a simplification of the decision process. There are exceptions to accomplishing all high surge work organically and exceptions to placing each individual work load not required in the minimum level on contract. These exceptions are driven by the consideration that the normal assignment is not cost effective. In some cases, the contractor furnishes all facilities and equipment. In the other cases, the facilities and/or some or all of the equipment is government furnished. These decisions are made on an individual work load basis rather than the functional level addressed in this report.

i. There are several factors that assure a greater degree of readiness and surge capability by retaining this minimum level organic (in-house) capability:

(1) Command and Control. Organic depot maintenance command and control is exercised over five Air Logistics Centers and specialized organizations. These organizations have standard organizational structures, management processes, communication channels, and established contingency procedures. Thus, organic command and control can quickly and effectively redeploy resources to meet emergencies or mobilization. In contrast to the limited number of organic depot maintenance organizations, the Air Force uses over 650 contractors with widely differing communication and management structures. The relationship with these contractors is controlled by the terms and complexities of a contractual document rather than by direct command authority.

(2) Depot Maintenance Integral Part of Logistics Capability. Depot maintenance is an integral part of the broader logistics wartime capability. Logistics planning must encompass all functions. There are trade-offs between factors such as more or less wartime transportation capability and more or less wartime spare assemblies, subassemblies, or other items. Military management is extensively trained and rotated between operational and logistics assignments to assure detailed understanding of complex interfaces between these processes. Since options and trade-offs between logistics functions are available and will unfold during emergencies or mobilizations, management must be able to direct and control all elements of these connective and interdependent functions. On a broader level, there are trade-offs between Air Force logistics capabilities and the capabilities of the other military services. Retention of a minimum level organic capability provides the base line and technical expertise required to maintain an ongoing planning and assessment process in the

complex interservicing area.

(3) Management Information and Visibility. A considerable amount of detailed planning is required to assure a wartime surge capability. Wartime work load requirements must be computed for each different type of work load. The requirement and availability of each depot maintenance resource must be separately addressed. As an example of the complexity of this planning, the flow of wartime work loads across all equipment must be simulated to identify bottlenecks in the production process. Due to lead times required to purchase equipment, any bottlenecks must be alleviated before an emergency or mobilization occurs. These planning processes require large amounts of data, are computerized, and require updating on an interactive basis due to changing conditions and missions. These planning processes are effective and affordable because standard management information system and structures are available at Air Logistics Centers. The wartime simulations can extract and interface information from these standard, automated systems. By contrast, depot maintenance contractors vary widely in size, type of work, and management information systems.

(4) War Exercises. Because depot maintenance is an integral part of the broader logistics capability and because of the availability of management information and visibility, war exercises can be effectively undertaken. These exercises test the depot maintenance response capability and lead to changes and improvements in planning the wartime posture of depot maintenance. Such war exercises are necessary and normal operations of a military organization.

(5) Organizational Size, Diversity, and Flexibility. The Air Logistics Centers are large organizations employing thousands of people with a diverse range of skills, working on items that range from complete aircraft or engines to specialized components or items. Because of this diversity of productive skills, management, facilities, and equipment, there is considerable flexibility to adjust to changing conditions and to the different mix of work that would occur in mobilization.

(6) Organizational Continuity and Longevity. Depot maintenance contracting is done on a competitive basis. Contractors desiring to enter the business may compete and displace those previously accomplishing the work load. Contractors desiring to leave the business are free to do so upon completion of their current contractual commitments. A minimum level core organic capability is required to provide a stable base from which to surge in time of emergency or mobilization.

j. In FY83, the total expenditures for Air Force depot maintenance were $3.448 billion. Of this amount, $1.372 billion was paid to contractors accomplishing depot maintenance. Another $.931 billion was paid to contractual

suppliers of materiel and repair parts. Thus, 67 cents of each dollar spent for depot maintenance went to private industry. The minimum level core requirement addressed by this report constituted 33 percent of depot maintenance expenditures in FY83.

k. In summary, there is a need for an organic minimum level depot maintenance capability to ensure a ready and controlled source of technical competence and resources necessary to ensure effective and timely response to a mobilization, national defense contingency situations, and other emergency requirements. The Air Force has a formal system, employing decision tree analysis and posture planning, to determine this minimum level and the specific work loads that should be included. Congressional recognition of this required minimum level core, and of the need to protect it against arbitrary manpower reductions, is heartening. In the past, some work loads have been placed on contract because of manpower ceilings that would not have been placed on contract if the concepts and planning system described herein could have been followed. These work loads may be readdressed in future analyses of minimum level core requirements.

3. Operations Included in Core:

a. Depot maintenance management and management support functions are not included in this report because they are governmental functions which are excluded from cost study potential contraction by OMB Circular A-76.

b. Depot maintenance production and production support operations are accomplished by both organic and contractual repair sources. The required organic minimum level constitutes the production and production support core. Some amount of all types of work load and operations is included in the core except those listed below as exceptions. Those work loads not required as a part of the organic minimum level of capability are not part of the core.

c. Depot maintenance production operations sustain materiel in operational status, restore it to serviceable condition, or update and upgrade its functional utility through modification. Technical assistance, production, and support are provided to intermediate maintenance organizations, using commands and other activities. Transient support is provided to host base activities. Production operations rebuild parts, assemblies, subassemblies, components, equipment end items, and weapon systems. Within the Air Force, a wide variety of items, such as aircraft, aircraft engines, missiles, simulators, electronics and communications equipment, industrial plant equipment, and support equipment, are maintained.

d. Included in depot maintenance production are such specific operations as inspection, testing, servicing, calibration, repairing, modification, alteration,

modernization, conversion, overhaul, analytical rework, manufacturing, plant services and support, deactivation, reclamation, renovation, storage, and activation. Personnel engaged in production and production support operations represent a wide and diverse range of skills, such as welders, electricians, machinists, carpenters, painters, X-ray technicians, mechanics, calibrators, machine and equipment operators, and programmers supporting automatic test equipment, numerically controlled machines, simulators, and operational equipment.

4. Organizational Locations Included in the Core. The production and production support functions at the following organizations, and their detachments that accomplish depot maintenance, are included in the core:

a. Oklahoma City Air Logistics Center, Tinker Air Force Base, Oklahoma.

b. Ogden Air Logistics Center, Hill Air Force Base, Utah.

c. San Antonio Air Logistics Center, Kelly Air Force Base, Texas.

d. Sacramento Air Logistics Center, McClellan Air Force Base, California.

e. Warner Robins Air Logistics Center, Robins Air Force Base, Georgia.

f. Aerospace Guidance and Metrology Center, Newark Air Force Station, Ohio, (Includes depot maintenance, inertial engineering, and metrology.)

g. The Military Aircraft Storage and Disposition Center, Davis-Monthan Air Force Base, Arizona.

NOTE: Production operations are normally accomplished at the organizations listed above. However, technical assistance and production support are provided by depot personnel at locations throughout the world. Such production operations and locations are covered by this report. Detachments accomplishing depot maintenance are an extension of the depot maintenance capability at the Air Logistics Center and thus are a part of the same core organization. The numbers and locations of these detachments are subject to change as mission requirements evolve. These detachments are located in the CONUS and at overseas locations in direct support of forward deployed forces.

5. Exceptions to Core. Operations such as maintenance of general purpose vehicles, office custodial services, telephone services, and fire extinguisher servicing, are not part of the minimum core capability and have been contracted.

AIR FORCE MATERIEL DISTRIBUTION (SUPPLY)

CORE ACTIVITIES

FUNCTION: Materiel Distribution (Supply) Operations

1. General: The Air Force material distribution function is critical to the Air Force's mission. The Air Force must retain an organic core capability to ensure the ability to meet wartime requirements. Distribution management and management support is an inherent governmental function which must be performed by government employees. The remainder of the distribution function is logistics core except those operations listed as exceptions. The specific work loads and operations within the distribution process may change due to changes in wartime requirements and operational programs. A formal decision tree process is the basis for determining core operations and exceptions to the core.

2. Rationale for Including in Logistics Core:

a. The most important single reason for having an organic capability is to minimize the risk of being unable to react to unplanned (or unprogrammed) changes in work load in wartime or other contingencies short of war. Depot supply activities provide direct materiel support to combat readiness through receipt, issue, and shipment of DOD materiel. The distribution/supply personnel must be under the direct control of the Air Force to provide the uninterrupted flow and flexibility necessary to meet a variety of contingencies.

b. Depot supply characteristics for wartime readiness of the Air Force logistics system dictates this function be prepared for emergency or wartime support. The necessary skills and flexibility would be lost without retention of the organic capability. This activity would be subjected to unreasonable risk and disruption of flow and timely materiel support to the combat forces if placed outside of Air Force military command and control.

c. Materiel readiness and survivability of the Air Force depends upon our ability to surge to meet mobilization requirements. In the event of mobilization or deployment, volumes experienced in peacetime are expected to double, while the mix of commodities involved will change drastically. Initially, this ability to surge must rely on the existing work force with whatever augmentation is possible. Organic operations provide for this augmentation through the Commander's ability to transfer existing work force from lower priority programs to higher priority work. Operational effectiveness depends on the integration and interface of the distribution (supply) functions with the tactical and strategic forces. The relationship of the distribution process is so entwined with, and so vital to, the mission of the front line force that those

functions must be performed by government personnel. To do otherwise would seriously jeopardize the Services' ability to perform their missions.

d. Supplying the user from centralized depots dictates the need for an uninterrupted flow of materiel through the pipeline. Major weapon system components are complex and costly. To reduce inventory costs, the Air Force buys only enough spares to fill the pipeline between depot and user. In practice, the user is directly dependent on the depot for sustained operations because there is rarely stock on the shelf in-theater beyond initial war reserves. Therefore, the depot supply organizations contribute directly to the mission capable rate of each combat unit.

e. Many tactical and strategic military units are collocated with the CONUS depots. The ability of these forces to sustain operations is dependent upon the support provided by the depot distribution organization. The depots are also responsible for supporting deploying operational and reserve units located on the same installation, as well as other services' operational units located nearby. The flexibility needed to meet the range of contingencies that this responsibility implies cannot be achieved with a non-organic work force.

f. Because of this direct impact on the combat forces, depot supply functions must be protected from the possibility of any delay or disruption. Past experience has proven that recovery from even a one-day delay can take two months or longer. Any such delay or disruption can have a direct impact on the readiness of supported units by creating a backlog in the logistics pipeline. This translates into unsatisfactory logistics support for field units and combat capability. A potential source of disruption stems from the fact that contract operations are replaced from time to time. For example, one contractor replaces another as a result of recompetition or where a contractor is defaulted for failure to perform. Each time one contractor replaces another, the depot supply system is adversely affected by training problems, learning curves, and other temporary delays and disruptions that cannot be tolerated in so vital a function.

g. The existence of an organic distribution activity is also essential to combat readiness in terms of establishing and sustaining supply operations in combat theaters. During the Vietnam conflict, rapid area supply and transportation teams were deployed to bases in Southeast Asia. They provided the technical skills and manpower resources to perform supply accounting, inventory, storage, and issue activities. Without this organic capability, supply operations during the early phases of the conflict would have been severely degraded, directly reducing the effectiveness of combat units.

3. Operations Included in the Core:

a. The entire AFLC depot level materiel distribution (supply) process is a logistics core activity except those operations listed in this report as exceptions. The distribution (supply) logistics core process includes the DOD functional areas of Receipt (T801A); Shipping (T801C); Care, Rewarehousing, and Support of Materiel (T801D); Unit and Set Assembly and Disassembly (T801F); and Packing and Crating (T801H).

b. The distribution management and management services function is not included in this report. This function is an inherent governmental function and is excluded from cost study or potential contracting under the provisions of OMB Circular A-76.

c. Materiel distribution (supply) encompasses the depot level operations necessary to accomplish the receipt, storage, issue and shipment, and other related support operations for military materiel. The core operations and exceptions are determined by application of the Generic Logistics Decision Tree (GLDT) and logistics core criteria. The non-core operations are listed in paragraph 5.

d. The core distribution operations include the receipt, segregation, inspection, inventory control, and comparison against receipt documentation and automated system records. Also included are the actions taken to protect stock in storage; perform preventative maintenance on stocks; realign stock configuration, including the related handling, checking, and documentation against automated system recorded; perform cyclic and special inventory management and inspection; ensure preservation of stocks; and the engineering, operation, inspection, and preventative maintenance of storage aids and automated materiel handling systems.

e. Other core operations involve the shipping, shipment planning, selections of the most efficient and economical mode of transport, consolidation and containerization of materiel, on-line packing and crating, packaging design and services, shipment handling and transportation support, terminal operations, and preparation of documentation and automated supply records. Logistics core operations also include disassembly and/or assembly of sets or kits for separate handling or grouping of various issue items for shipment or handling as a single unit. Receipt, storage, issue, and special handling and control of munitions are included in the core process.

4. Organizational Locations Included in the Core. The AFLC depot level materiel distribution/supply operations at the following locations are included in the logistics core:

a. Oklahoma City Air Logistics Center, Tinker Air Force Base, Oklahoma.

b. Ogden Air Logistics Center, Hill Air Force Base, Utah.

c. San Antonio Air Logistics Center, Kelly Air Force Base, Texas.

d. Sacramento Air Logistics Center, McClellan Air Force Base, California.

e. Warner Robins Air Logistics Center, Robins Air Force Base, Georgia.

f. Aerospace Guidance and Metrology Center, Newark Air Force Station, Ohio.

g. The Military Aircraft Storage and Disposition Center, Davis-Monthan Air Force Base, Arizona.

h. Wright-Patterson Air Force Base, Ohio. (NOTE: Only the Air Terminal Operations and the Aircraft Tire Storage and Distribution Activity are logistics core at this location.)

NOTE: Detachments accomplishing depot level distribution/supply operations are an extension of the depot distribution function at the Air Logistics Centers and are part of the same core process. Detachments are located in the CONUS and at overseas locations in direct support of forward deployed forces.

5. Exceptions. The following distribution/supply operations are excluded from the logistics core:

a. Selected Facilities Services Operations. The excluded operations include all painters and those carpenters and laborers not in direct support of distribution line operations or materiel handling equipment maintenance.

b. Railroad operations. Operation of the railway engine, railway crane, and associated activities is excluded.

c. Box Manufacture and Container Reclamation. This operation involves the off-line manufacture of wooden crates and cardboard containers. Also included is the reclaiming of lumber and reusable shipping containers and packing materiel.

d. Kennel Operation. The excluded activity is the dog procurement and associated kennel operations at the DOD Dog Center, Kelly AFB TX.

AIR FORCE DATA AUTOMATION/DATA PROCESSING/
INFORMATION SYSTEMS CORE ACTIVITIES

FUNCTION: Operation and Programming Maintenance of Data Automation/Information Systems - Logistics Management Systems

1. General: The Air Force Logistics Command (AFLC) operation and maintenance of data automation/information systems Logistic Management Systems (LMS) process is critical to the Air Force's execution of its mission. The Air Force must retain an organic core capability to ensure the ability to meet wartime requirements. Information systems management is an inherent governmental function which must be performed by government employees. The remainder of the information systems function is logistics core except those operations listed as exceptions. The specific workloads and operations within the information systems process may change due to changes in technology, wartime requirements, and operational programs. A formal decision tree process is the basis for determining core operations and exceptions to the core.

2. Rationale for Including in the Logistics Core:

a. Information systems management, computer operations, and programming maintenance/modification of LMS essential to executing core logistics processes are core and must be performed organically. LMS directly supports the distribution, inventory management, and depot maintenance core processes. These information systems form a critical information link across the functional core processes. These logistics processes cannot execute the core functions, either quantitatively or qualitatively, without the LMS operation.

b. The Logistics Management Systems (LMS) have substantial operational surges in wartime or contingency situations and incorporate extensive plans for accommodating such situations. These requirements create order of magnitude increases in some actions and deferral of others and demand maximum management flexibility in acting upon changing needs. LMS is integral to providing the information for direct materiel support to combat forces worldwide and directly supporting the deployment of military forces in wartime or contingency situations. The LMS provides both deployment information and follow-on materiel support, without which the logistics actions cannot be accomplished and military capability drastically declines.

c. AFLC is undergoing accelerated transition into a more modernized posture which provides on-line information services to core logisticians. The LMS provides information not only to enable timely, efficient decisions in peacetime, but also provide critical information for coping with defense contingencies and wartime requirements. Logistics support

considerations are being integrated into the military command and control process. The LMS provides the critical information decision base to enable expeditious military decisions. The necessity to assure uninterrupted defense and wartime support information is the key element in designating this a logistics core process.

d. The logistics core processes are so dependent upon information from the LMS that core functions approach inoperability with disruption of information services; the effects starting within hours of the disruption. As the modernization of AFLC information systems proceeds, this interdependency becomes more critical, and the multitude of reasons for contract disruption would threaten the capability of all core processes. The most significant risks are: contract expirations/protests/extensions, problem isolation among multiple contractors and federal agencies, limited reaction time/flexibility/military control under surge and contingency operations, and integration and cohesive operation of multiple contractors at diverse operating sites. Cost stability for large contract operations with limited competitive sources is a recognized problem, but does not directly threaten combat support capability.

3. Operations Included in the Core:

a. This process includes DOD FAC W824, Data Processing Services, and W826, Systems Design, Development, and Programming Services. The entire AFLC information systems process is a core activity, with certain defined exceptions. The three basic elements of the core process are: management services (a governmental function), computer operations, and programming maintenance and minor modification.

b. The information systems management function is not detailed in this report. This function must remain in-house to prevent abridgment of managerial responsibilities. This function is an inherent governmental function and is excluded from contracting or cost study under the provisions of OMB Circular A-76.

c. The computer operations process provides computer operations and associated data processing and communications support to the Command, tenants, and other organizations. This activity supports the LMS to provide timely, accurate information to all users. This activity supports other information systems activities in the design, testing, documentation review, implementation, modification, and maintenance of management information systems. Other responsibilities are: assure proper classified material processing and management; plan and obtain training of personnel; hardware system and component acceptance test; provide production and media library services; focal point for user and management inquiries; central data handling of all input data for unscheduled jobs; expedite recovery of

special jobs and data manipulation which fail during processing; and provide an operational interface between applications, system software, and computer operations.

d. The system programming maintenance and modification process includes the programming maintenance, minor modification, upgrading, and system level testing and documentation. This activity evaluates new system requirements and determines the best method of satisfying those requirements, including system program management and technical support for new systems. Other activities include development actions with the computer manufacturer to improve operating characteristics, system engineering and test, review and evaluate system engineering change proposals, evaluate and analyze new programs and information systems, analyze hardware and software configurations, develop and implement test programs, develop/acquire and maintain system support software for special systems and provide support for major development projects to enhance existing LMS. Additional activities include preparation of procedures for configuration management and system base lines providing quality assurance programs, publishing policy and reviewing documentation to determine compliance, providing or arranging for organic or contractual assistance to LMS users as needed, integrating contractor-developed systems, assuring LMS project compliance with related USAF and DOD directives, and developing project plans and status to provide information necessary for management planning and control of LMS.

4. Organizational Locations Included in the Core. The AFLC information systems/automatic data processing services at the following locations are included in the logistics core:

a. Oklahoma City Air Logistics Center, Tinker Air Force Base, Oklahoma.

b. Ogden Air Logistics Center, Hill Air Force Base, Utah.

c. San Antonio Air Logistics Center, Kelly Air Force Base, Texas.

d. Sacramento Air Logistics Center, McClellan Air Force Base, California.

e. Warner Robins Air Logistics Center, Robins Air Force Base, Georgia.

f. Aerospace Guidance and Metrology Center, Newark Air Force Station, Ohio.

g. The Military Aircraft Storage and Disposition Center, Davis-Monthan Air Force Base, Arizona.

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5. Exceptions to Core. Significant information system work loads have been contracted and will continue to be contracted when identified as non-core through the Generic Logistics Decision Tree (GLDT) and logistics core decision processes.

a. New System Development and Major System Modification. New System design and development and major modifications are non-core and are normally performed by contractual means because of both constrained organic resources and to afford AFLC of the latest technology advances developed by non-government funding. Combat support capability does not depend upon the system until its implementation and subsequent organic operation and control. For existing LMS, the exception to core is limited to major software and hardware modifications. AFLC must retain a core capability for accomplishing existing LMS maintenance, including minor system improvements, correction of system deficiencies, incorporating new policy requirements, and new customer requirements. AFLC may elect to contract, on a case-by-case basis, system programming maintenance for selected new LMS until such time that the new LMS capability is formally accepted as fully operational in the production mode and government personnel are trained and can maintain the system organically. These interim contracting decisions may be subjected to a GLDT analysis to ensure consistency of contracting decisions.

b. Equipment Maintenance. Maintenance and repair of commercially available computer and communications equipment is excluded from the logistics core. The equipment involved is in fixed CONUS locations. An exception to this non-core activity is maintenance of standard Air Force systems subject to deployment into hostile situations. In the latter case, where AFLC may operate similar standard systems at fixed sites, military maintenance personnel may be used to provide a pool of resources in conjunction with the total Air Force program. Much of the data communication capabilities are leased, and this activity will continue as a contracted function.

c. Selected Technical Studies, Support, and Training. Although overall control and approval of technical studies, technical support, and training is logistics core, these activities are selectively contracted on a case-by-case basis. These activities are contracted when the required expertise and resources are not possessed organically. This support typically includes system engineering, operating system software, data base management systems, data communication systems, performance measurement, and related technical areas. This contracting is done on a specific task basis, and overall control and approval of the completed task remains a core function. Tasks considered for contracting may be subject to a GLDT analysis to ensure only non-core functions are contracted.

THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301-4000

MANPOWER,
INSTALLATIONS
AND LOGISTICS

20 NOV 1984

MEMORANDUM FOR THE SECRETARIES OF THE MILITARY DEPARTMENTS
PRESIDENT, UNIFORMED SERVICES UNIVERSITY OF THE HEALTH SCIENCES
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Core Logistics Activities

The FY 1985 DoD Authorization Act requires us to identify and report to Congress logistics activities that are necessary to maintain "a logistics capability (including personnel, equipment, and facilities) to ensure a ready and controlled source of technical competence and resources necessary to ensure effective and timely response to a mobilization, national defense contingency situations, and other emergency requirements." Those activities would then be exempt from contracting under the provisions of OMB Circular A-76. This, in effect, establishes another reason in the "national defense" category for exempting activities from A-76 study. Failure to clear the "core logistics" test will not preclude an activity from being exempted for other national defense reasons.

I realize the importance of this effort and would like to consider your input before sending our list of core logistics activities to Congress. Therefore, I request that you submit a list of activities you think should be included in the logistics "core." Your list should:

o Not include functions or activities excluded from A-76 competition because they are governmental in nature.

o Be limited to primary mission functions at supply depots, shipyards, air rework, arsenals, inventory control points, and depot maintenance facilities. Do not include installation, base support, or housekeeping functions unless you can demonstrate that contractor performance would seriously imbalance the logistics system.

o Contain the name, location, and description of the activity. For purposes of this report, an activity is an organizational unit performing one of the functions specified in Enclosure 4 to DoDI 4100.33 (such as aircraft engine maintenance (K532), Kelly AFB, Texas).

o State, for each activity included, why the personnel, equipment, or facilities must be retained in-house; there may well be cases where the facilities and equipment should remain in-house but the personnel could be subjected to competition.

Please give me your recommended list of activities by January 15, 1985. My point of contact is Mr. Doug Hansen, Chief, Commercial Activities, in the Installation Management Office, telphone number 325-0537.

James G. Calhoun

[illegible]

DEPARTMENT OF THE AIR FORCE
REFERRAL SLIP

DATE 21 NOV 1984

SAF		AF	
OFFICE	INFO	OFFICE	INFO
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MID		SI	
MIE		DA	
MII		HSG/CC	
MIK		AFAA/AI	
MIP		CHO	
MIQ		DAE	
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E. K. MOSEMANN, II
Deputy Assistant Secretary
(Logistics and Communications) 7624

OSD ORIGINATOR/PHONE NUMBER

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DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE LOGISTICS COMMAND
WRIGHT-PATTERSON AIR FORCE BASE, OHIO 45433-5001

REPLY TO ATTN OF: CS

6 JAN 1985

SUBJECT: Core Logistics Activities

TO: HQ USAF/LEY

1 References:

a. HQ USAF/LEY letter, 4 Dec 84.

b. HQ USAF/LEY message, 301925Z Nov 84.

c. AFLC/CS message, 271601Z Dec 84.

2. The attached report of AFLC logistics core activities is submitted for your approval and forwarding to OSD (MI&L).

3. Some changes have been incorporated since the AFLC presentations to HQ USAF/LE and SAF/ALG. Fuels Distribution has been excluded from the report as it is a base level, retail function which should not be addressed with the other depot level activities. The Consolidation Containerization Points (CCPs) and Routine Pickup and Delivery distribution operations have been included in the logistics core. Further evaluation has determined they are core operations. The CCPs perform a critical materiel movement mission in wartime. Routine Pickup and Delivery is considered an integral part of the distribution process, requiring military command and control in order the meet the wartime surge.

4. The report is consistent with the guidance obtained during the AFLC presentation to SAF/ALG on 20 Dec 84, with the exception that the Military Aircraft Storage and Disposition Center (MASDC) has not been excluded from the core. This command has strong convictions concerning MASDC's wartime role. Additional justification will be provided during the SAF/ALG visit to AFLC 28-29 Jan 85.

5. The AFLC staff is ready to provide any further justification or assistance that may be needed during the staffing process with OSD.

FOR THE COMMANDER

William P. Bowden

WILLIAM P. BOWDEN
Major General, USAF
Chief of Staff

1 Atch
AFLC Logistics Core Report

AFLC - Lifeline of the Aerospace Team

Report of the
Air Force Logistics Command
on
Logistics Core Activities

A. Purpose. The purpose of this report is to provide the Air Force Logistics Command (AFLC) response to the FY85 Authorization Act (Section 307) direction to define logistics core activities, and the 20 November 1984 OSD (MI&L) tasking memo. This report will define AFLC logistics core activities, specific locations of the activities, rationale for why the activities must be retained in-house, and identify specific activities excluded from the logistics core.

B. Introduction:

1. AFLC believes that the Services need a "logistics core" to assure a ready and controlled source of technical competence and resources. The logistics core provides the flexibility and military command and control that are considered essential for providing logistics support to combat forces, particularly those processes expected to have sizable or unpredictable surges in wartime or contingency situations. The risk potentials associated with contracting out core logistics processes are unacceptable for several reasons. These reasons include: (a) once the organic capability is lost, it could not be readily reconstituted if the contract were disrupted; (b) these processes would be subject to the turmoil and disruption resulting from periodic contract resolicitation; and (c) military managers would be deprived of the flexibility to adjust their resource posture to meet a variety of wartime contingencies.

2. AFLC has long recognized that OMB Circular A-76 does not sufficiently address critical logistics activities as national defense exclusions, and, as a result, many critical logistics functions are exposed to cost study and potential contracting. AFLC has sponsored many attempts to gain recognition of logistics core activities within the A-76 and implementing directives. The background concerning the logistics core initiative is included as attachment 4 to this report.

C. Scope:

1. While AFLC is concerned about all aspects of logistics, the Command is directly responsible for depot level materiel support. Therefore, the logistics functions performed by other commands and logistics functions other than AFLC depot level are not addressed.

2. Certain functions within the Air Force are so intimately related to the public interest as to mandate performance only by federal employees. These governmental functions are not in competition with the private sector and are only performed by government employees. This report does not address AFLC activities which are governmental functions (i.e., system program management; inventory management; depot maintenance, distribution/supply, and information systems management; etc.). These governmental activities are excluded from cost study and potential contracting under the provisions of OMB Circular A-76. These activities are not included in accordance with the direction contained in the 20 November 1984 OSD (MI&L) memo.

3. Other activities performed by the government are deemed commercial activities, as they provide a product or service which could be obtained from a commercial source. OMB Circular A-76 authorizes the government to operate commercial activities in-house if there is no satisfactory commercial source available, in the interest of patient care, because of lower cost, or for reasons of national defense. The 4 August 1983 A-76 Circular directed the Secretary of Defense to establish criteria for determining when government performance of a commercial activity is required for national defense reasons. The criteria has not been established, and, as a result, many critical logistics activities are subject to cost comparison study and potential contracting out. This report defines AFLC logistics core activities which must be exempt from cost study under the logistics core and national defense exclusion criteria.

D. Definition, Criteria, and Composition:

1. The logistics core is the ready and controlled source of technical competence and resources required by the four services' logistics commands to provide depot level materiel support to the operational forces. This definition was approved by the Joint Logistics Commanders (JLC) in 1982 and is consistent with the language contained in Section 307 of the FY85 Authorization Act.

2. AFLC has adopted the following definition of logistics core which is consistent with the JLC definition but is more descriptive of AFLC core processes. The AFLC logistics core consists of the organic resources required to manage and operate the inventory management, depot maintenance, distribution, and information systems processes required to support the combat forces of the US and its allies in military contingencies.

3. The logistics core processes are characterized by the following criteria:

a. Are essential to the success of war or contingency operations.

b. Provide direct materiel support to fleet and combat forces worldwide or directly support the deployment of military forces in wartime or contingency situations.

c. Must be maintained without interruption to assure the peacetime readiness and wartime sustainability of the fleet and combat forces.

d. Must be under military command and control to assure continuity, flexibility, and responsiveness.

e. Are subject to unacceptable risk of disruption under contract performance.

f. Are expected to have sizable or unpredictable surges in wartime or contingency situations.

4. AFLC uses decision tree methodology to determine logistics core and non-core activities.

a. The depot maintenance decision tree is used to make organic/contract decisions about individual work loads that support or implement the posture that has been planned through the posture planning process. The posture planning process determines the high surge and low surge work load mix at each major AFLC installation to assure wartime accomplishment of mobilization depot maintenance requirements. The process quantifies the minimum peacetime base of facilities, equipment, and personnel required in the organic depot maintenance core at the outset of mobilization. The depot maintenance logistics core defined in this report has been determined through the posture planning and maintenance decision tree processes.

b. The Generic Logistics Decision Tree (GLDT) is used to evaluate all AFLC activities other than depot maintenance. AFLC has performed a command-wide GLDT review of all activities to determine activities which are potentially contractible. The GLDT analysis has been used in conjunction with the logistics core criteria to determine the AFLC logistics core and exceptions to the core that are defined in this report.

5. An Air Force-wide review of all Air Force commercial industrial activities has been conducted by a Blue Ribbon Group (BRG), composed of flag-level officers from each major command. The BRG met in August 1983 and placed each major functional area into core or non-core categories. Although the results of the BRG have not been published as an official report, the findings of the BRG are consistent with the logistics core determination presented in this report.

6. A further definition of the AFLC logistics core processes of distribution/supply, information systems, and depot maintenance is contained in the attachments.

4 Atch
1. Distribution Core Activities
2. Information Systems Core Activities
3. Depot Maintenance Core Activities
4. Logistics Core Background

AIR FORCE MATERIEL DISTRIBUTION (SUPPLY)

CORE ACTIVITIES

FUNCTION: Materiel Distribution (Supply) Operations

1. Operations Included in the Core:

a. The entire AFLC depot level materiel distribution (supply) process is a logistics core activity except those operations listed in this report as exceptions. The distribution (supply) logistics core process includes the DOD functional areas of Receipt (T801A); Shipping (T801C); Care, Rewarehousing, and Support of Materiel (T801D); Unit and Set Assembly and Disassembly (T801F); and Packing and Crating (T801H).

b. The distribution management and management services function is not included in this report. This function is an inherent governmental function and is excluded from cost study or potential contracting under the provisions of OMB Circular A-76.

c. Materiel distribution (supply) encompasses the depot level operations necessary to accomplish the receipt, storage, issue and shipment, and other related support operations for military materiel. The core operations and exceptions are determined by application of the Generic Logistics Decision Tree (GLDT) and logistics core criteria. The non-core operations are listed in paragraph 4.

d. The core distribution operations include the receipt, segregation, inspection, inventory control, and comparison against receipt documentation and automated system records. Also included are the actions taken to protect stocks in storage; perform preventative maintenance on stocks; realign stock configuration, including the related handling, checking, and documentation against automated system records; perform cyclic and special inventory management and inspection; ensure preservation of stocks; and the engineering, operation, inspection, and preventative maintenance of storage aids and automated materiel handling systems.

e. Other core operations involve the shipping, shipment planning, selection of the most efficient and economical mode of transport, consolidation and containerization of materiel, on-line packing and crating, packaging design and services, shipment handling and transportation support, terminal operations, and preparation of documentation and automated supply records. Logistics core operations also include disassembly and/or assembly of sets or kits for separate handling or grouping of various issue items for shipment or handling as a single unit. Receipt, storage, issue, and special handling and control of munitions are included in the core process.

2. Organizational Locations Included in the Core. The AFLC depot level materiel distribution/supply operations at the following locations are included in the logistics core:

a. Oklahoma City Air Logistics Center, Tinker Air Force Base, Oklahoma.

b. Ogden Air Logistics Center, Hill Air Force Base, Utah.

c. San Antonio Air Logistics Center, Kelly Air Force Base, Texas.

d. Sacramento Air Logistics Center, McClellan Air Force Base, California.

e. Warner Robins Air Logistics Center, Robins Air Force Base, Georgia.

f. Aerospace Guidance and Metrology Center, Newark Air Force Station, Ohio.

g. The Military Aircraft Storage and Disposition Center, Davis-Monthan Air Force Base, Arizona.

h. Wright-Patterson Air Force Base, Ohio. (NOTE: Only the Air Terminal Operations and the Aircraft Tire Storage and Distribution Activity are logistics core at this location.)

NOTE: Detachments accomplishing depot level distribution/supply operations are an extension of the depot distribution function at the Air Logistics Centers and are part of the same core process. Detachments are located in the CONUS and at overseas locations in direct support of forward deployed forces.

3. Rationale for Including in Logistics Core:

a. The most important single reason for having an organic capability is to minimize the risk of being unable to react to unplanned (or unprogrammed) changes in work load in wartime or other contingencies short of war. Depot supply activities provide direct materiel support to combat readiness through receipt, issue, and shipment of DOD materiel. The distribution/supply personnel must be under the direct control of the Air Force to provide the uninterrupted flow and flexibility necessary to meet a variety of contingencies.

b. Depot supply characteristics for wartime readiness of the Air Force logistics system dictates this function be prepared for emergency or wartime support. The necessary skills and flexibility would be lost without retention of the organic capability. This activity would be subjected to unreasonable risk and disruption

of flow and timely materiel support to the combat forces if placed outside of Air Force military command and control.

c. Materiel readiness and survivability of the Air Force depends upon our ability to surge to meet mobilization requirements. In the event of mobilization or deployment, volumes experienced in peacetime are expected to double, while the mix of commodities involved will change drastically. Initially, this ability to surge must rely on the existing work force with whatever augmentation is possible. Organic operations provide for this augmentation through the Commander's ability to transfer existing work force from lower priority programs to higher priority work. Operational effectiveness depends on the integration and interface of the distribution (supply) functions with the tactical and strategic forces. The relationship of the distribution process is so entwined with, and so vital to, the mission of the front line forces that those functions must be operated by government personnel. To do otherwise would seriously jeopardize the Services' ability to perform their missions.

d. Supplying the user from centralized depots dictates the need for an uninterrupted flow of materiel through the pipeline. Major weapon system components are complex and costly. To reduce inventory costs, the Air Force buys only enough spares to fill the pipeline between depot and user. In practice, the user is directly dependent on the depot for sustained operations because there is rarely stock on the shelf in-theater beyond initial war reserves. Therefore, the depot supply organizations contribute directly to the mission capable rate of each combat unit.

e. Many tactical and strategic military units are collocated with the CONUS depots. The ability of these forces to sustain operations is dependent upon the support provided by the depot distribution organization. The depots are also responsible for supporting deploying operational and reserve units located on the same installation, as well as other services' operational units located nearby. The flexibility needed to meet the range of contingencies that this responsibility implies cannot be achieved with a non-organic work force.

f. Because of this direct impact on the combat forces, depot supply functions must be protected from the possibility of any delay or disruption. Past experience has proven that recovery from even a one-day delay can take two months or longer. Any such delay or disruption can have a direct impact on the readiness of supported units by creating a backlog in the logistics pipeline. This translates into unsatisfactory logistical support for field units and combat capability. A potential source of disruption stems from the fact that contract operations are replaced from time to time. For example, one contractor replaces another as a result of recompetition or where a contractor is defaulted for

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failure to perform. Each time one contractor replaces another, the depot supply system is adversely affected by training problems, learning curves, and other temporary delays and disruptions that cannot be tolerated in so vital a function.

g. The existence of an organic distribution activity is also essential to combat readiness in terms of establishing and sustaining supply operations in combat theaters. During the Vietnam conflict, rapid area supply and transportation teams were deployed to bases in Southeast Asia. They provided the technical skills and manpower resources to perform supply accounting, inventory, storage, and issue activities. Without this organic capability, supply operations during the early phases of the conflict would have been severely degraded, directly reducing the effectiveness of combat units.

4. Exceptions. The following distribution/supply operations are excluded from the logistics core:

a. Selected Facilities Services Operations. The excluded operations include all painters and those carpenters and laborers not in direct support of distribution line operations or materiel handling equipment maintenance.

b. Railroad Operations. Operation of the railway engine, railway crane, and associated activities is excluded.

c. Box Manufacture and Container Reclamation. This operation involves the off-line manufacture of wooden crates and cardboard containers. Also included is the reclaiming of lumber and reusable shipping containers and packing materiel.

d. Kennel Operation. The excluded activity is the dog procurement and associated kennel operations at the DOD Dog Center, Kelly AFB TX.

AIR FORCE DATA AUTOMATION/DATA PROCESSING/

INFORMATION SYSTEMS CORE ACTIVITIES

FUNCTION: Operation and Maintenance of Data Automation/ Information Systems - Logistics Management Systems (LMS)

1. Operations Included in the Core:

a. This process includes DOD FAC W824, Data Processing Services, and W826, Systems Design, Development, and Programming Services. The entire AFLC information systems process is a core activity, with certain defined exceptions. The three basic elements of the core process are: management services (a governmental function), computer operations, and programming maintenance and minor modification.

b. The information systems management function is not detailed in this report. This function must remain in-house to prevent abridgement of managerial responsibilities. This function is an inherent governmental function and is excluded from contracting or cost study by OMB Circular A-76.

c. The computer operations process provides computer operations and associated data processing and communications support to the Command, tenants, and other organizations. This activity supports the LMS to provide timely, accurate information to all users. This activity supports other information systems activities in the design, testing, documentation review, implementation, modification, and maintenance of management information systems. Other responsibilities are: assure proper classified material processing and management; plan and obtain training of personnel; hardware system and component acceptance test; provide production and media library services; focal point for user and management inquiries; central data handling of all input data for unscheduled jobs; expedite recovery of special jobs and data manipulation which fail during processing; and provide an operational interface between applications, systems software, and computer operations.

d. The system programming maintenance and modification process includes the programming maintenance, minor modification, upgrading, and system level testing and documentation. This activity evaluates new system requirements and determines the best method of satisfying those requirements, including system program management and technical support for new systems. Other activities include development actions with the computer manufacturer to improve operating characteristics, system engineering and test, review and evaluate system engineering change proposals, evaluate and analyze new programs and information systems, analyze hardware and software configurations, develop and implement test programs, develop/ acquire and maintain system support software for special systems,

and provide support for major development projects to enhance existing LMS. Additional activities include preparation of procedures for configuration management and system base lines, providing quality assurance programs, publishing policy and reviewing documentation to determine compliance, providing or arranging for organic or contractual assistance to LMS users as needed, integrating contractor-developed systems, assuring LMS project compliance with related USAF and DOD directives, and developing project plans and status to provide information necessary for management planning and control of LMS.

2. Organizational Locations Included in the Core. The AFLC information systems/automatic data processing services at the following locations are included in the logistics core:

a. Oklahoma City Air Logistics Center, Tinker Air Force Base, Oklahoma.

b. Ogden Air Logistics Center, Hill Air Force Base, Utah.

c. San Antonio Air Logistics Center, Kelly Air Force Base, Texas.

d. Sacramento Air Logistics Center, McClellan Air Force Base, California.

e. Warner Robins Air Logistics Center, Robins Air Force Base, Georgia.

f. Aerospace Guidance and Metrology Center, Newark Air Force Station, Ohio.

g. The Military Aircraft Storage and Disposition Center, Davis-Monthan Air Force Base, Arizona.

3. Rationale for Including in the Logistics Core:

a. Information systems management, computer operations, and programming maintenance/modification of LMS essential to executing core logistics processes are core and must be performed organically. LMS directly support the distribution, inventory management, and depot maintenance core processes. These information systems form a critical information link across the functional core processes. These logistics processes cannot execute the core functions, either quantitatively or qualitatively, without the LMS operation.

b. The Logistics Management Systems (LMS) have substantial operational surges in wartime or contingency situations and incorporate extensive plans for accommodating such situations. These requirements create order of magnitude increases in some actions and deferral of others and demand maximum management

flexibility in acting upon changing needs. LMS are integral to providing the information for direct materiel support to combat forces worldwide and directly supporting the deployment of military forces in wartime or contingency situations. The LMS provide both deployment information and follow-on materiel support, without which the logistics actions cannot be accomplished and military capability drastically declines.

c. AFLC is undergoing accelerated transition into a more modernized posture which provides on-line information services to core logisticians. The LMS provide information not only to enable timely, efficient decisions in peacetime, but also provide critical information for coping with defense contingencies and wartime requirements. Logistics support considerations are being integrated into the military command and control process. The LMS provide the critical information decision base to enable expeditious military decisions. The necessity to assure uninterrupted defense and wartime support information is the key element in designating this a logistics core process.

d. The logistics core processes are so dependent upon information from the LMS that core functions approach inoperability with disruption of information services; the effects starting within hours of the disruption. As the modernization of AFLC information systems proceeds, this interdependency becomes more critical, and the multitude of reasons for contract disruption would threaten the capability of all core processes. The most significant risks are: contract expirations/protests/extensions, problem isolation among multiple contractors and federal agencies, limited reaction time/flexibility/military control under surge and contingency operations, and integration and cohesive operation of multiple contractors at diverse operating sites. Cost stability for large contract operations with limited competitive sources is a recognized problem, but does not directly threaten combat support capability.

4. Exceptions to Core. Significant information system work loads have been contracted and will continue to be contracted when identified as non-core through the Generic Logistics Decision Tree (GLDT) and logistics core decision processes.

a. New System Development and Major System Modification. New system design and development and major modifications are non-core and are normally performed by contractual means because of both constrained organic resources and to afford AFLC of the latest technology advances developed by non-government funding. Combat support capability does not depend upon the system until its implementation and subsequent organic operation and control. For existing LMS, the exception to core is limited to major software and hardware modifications. AFLC must retain a core capability for accomplishing existing LMS maintenance, including minor

system improvements, correction of system deficiencies, incorporating new policy requirements, and new customer requirements. AFLC may elect to contract, on a case-by-case basis, system programming maintenance for selected new LMS until such time that the new LMS capability is formally accepted as fully operational in the production mode and government personnel are trained and can maintain the system organically. These interim contracting decisions may be subjected to a GLDT analysis to ensure consistency of contracting decisions.

b. Equipment Maintenance. Maintenance and repair of commercially available computer and communications equipment is excluded from the logistics core. The equipment involved is in fixed CONUS locations. An exception to this non-core activity is maintenance of standard Air Force systems subject to deployment into hostile situations. In the latter case, where AFLC may operate similar standard systems at fixed sites, blue suit maintenance may be used to provide a pool of resources in conjunction with the total Air Force program. Much of the data communication capabilities are leased, and this activity will continue as a contracted function.

c. Selected Technical Studies, Support, and Training. Although overall control and approval of technical studies, technical support, and training is logistics core, these activities are selectively contracted on a case-by-case basis. These activities are contracted when the required expertise and resources are not possessed organically. This support typically includes system engineering, operating system software, data base management systems, data communication systems, performance measurement, and related technical areas. This contracting is done on a specific task basis, and overall control and approval of the completed task remains a core function. Tasks considered for contracting may be subjected to a GLDT analysis to ensure only non-core functions are contracted.

AIR FORCE DEPOT MAINTENANCE

CORE ACTIVITIES

FUNCTION: Depot Maintenance Production and Production Support

1. Operations Included in Core:

a. Depot maintenance management and management support functions are not included in this report because they are governmental functions which are excluded from cost study and potential contracting by OMB Circular A-76.

b. Depot maintenance production and production support operations are accomplished by both organic and contractual repair sources. The required organic minimum level constitutes the production and production support core. Some amount of all types of work load and operations is included in the core except those listed below as exceptions. Those work loads not required as a part of the organic minimum level of capability are not part of the core.

c. Depot maintenance production operations sustain materiel in operational status, restore it to serviceable condition, or update and upgrade its functional utility through modification. Technical assistance, production, and support are provided to intermediate maintenance organizations, using and other activities. Transient support is provided to host base activities. Production operations rebuild parts, assemblies, subassemblies, components, equipment end items, and weapon systems. Within the Air Force, a wide variety of items, such as aircraft, aircraft engines, missiles, simulators, electronics and communications, industrial plant equipment, and support equipment, are maintained.

d. Included in depot maintenance production are such specific operations as inspection, testing, servicing, calibration, repairing, modification, alteration, modernization, conversion, overhaul, analytical rework, manufacturing, plant services and support, deactivation, reclamation, renovation, storage, and activation. Personnel engaged in production and production support operations represent a wide and diverse range of skills, such as welders, electricians, machinists, carpenters, painters, X-ray technicians, mechanics, calibrators, machine and equipment operators, and programmers supporting automatic test equipment, numerically controlled machines, simulators, and operational equipment.

2. Organizational Locations Included in the Core. The production and production support functions at the following organizations, and their detachments that accomplish depot maintenance, are included in the core:

a. Oklahoma City Air Logistics Center, Tinker Air Force Base, Oklahoma.

b. Ogden Air Logistics Center, Hill Air Force Base, Utah.

c. San Antonio Air Logistics Center, Kelly Air Force Base, Texas.

d. Sacramento Air Logistics Center, McClellan Air Force Base, California.

e. Warner Robins Air Logistics Center, Robins Air Force Base, Georgia.

f. Aerospace Guidance and Metrology Center, Newark Air Force Station, Ohio. (Includes depot maintenance, inertial engineering, and metrology.)

g. The Military Aircraft Storage and Disposition Center, Davis-Monthan Air Force Base, Arizona.

NOTE: Production operations are normally accomplished at the organizations listed above. However, technical assistance and production support are provided by depot personnel at locations throughout the world. Such production operations and locations are covered by this report. Detachments accomplishing depot maintenance are an extension of the depot maintenance capability at the Air Logistics Center and thus are a part of the same core organization. The numbers and locations of these detachments are subject to change as mission requirements evolve. These detachments are located in the CONUS and at overseas locations in direct support of forward deployed forces.

3. Rationale for Including in the Logistics Core:

a. The rationale presented here includes the planning concepts and management system used by the Air Force to determine the minimum level of organic depot maintenance capability required to ensure effective and timely response to a mobilization, national defense contingency situation, and other emergency requirements. The factors that assure a greater degree of readiness and surge capability by retaining this minimum level under organic command and control are explained. The perspective is provided that the minimum core level retained as organic in FY83 was approximately 33 percent of total expenditures for depot maintenance; with 67 percent going to contractors.

b. The relative intensity of war dictates the rate of increase of required work loads during emergencies. If management can take corrective actions over an extended period of time, a lesser degree of preplanning and preparedness is required. In past

conflicts, this lead time has been available. Both AFLC and contractual repair sources had time to convert from peacetime to wartime work loads and accomplish the gradual build-up in work load. If this lead time does not exist, intense preplanning must be done to assure an immediate capability to change the mix of work and to accomplish the sudden need for a sharply higher level of output (see Figure 1).

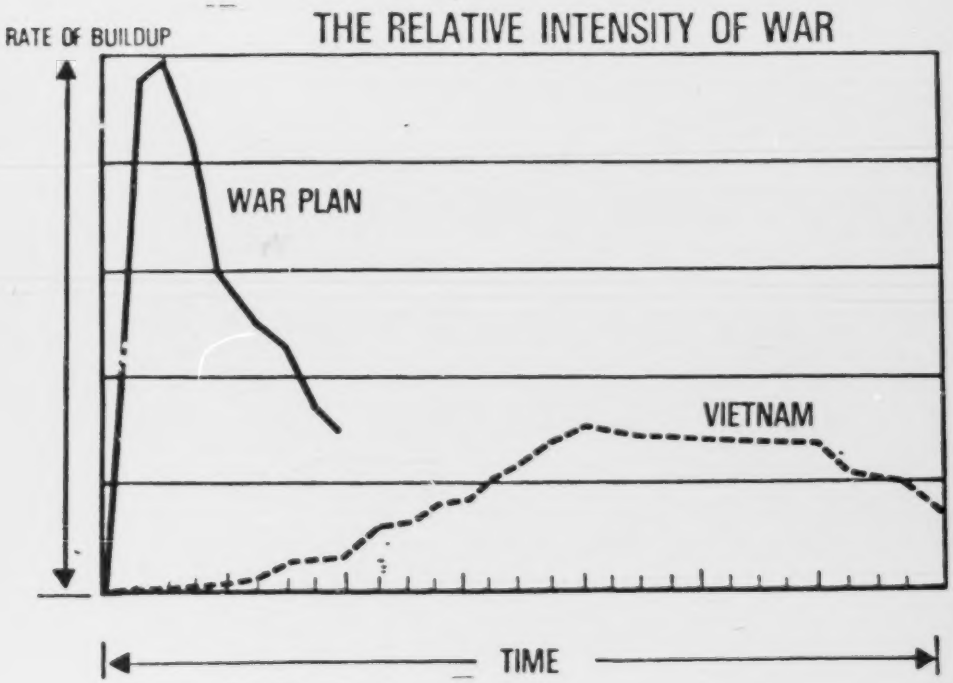

FIGURE 1

c. Thus, the primary focus of the system is to accomplish high surge work loads under organic command and control and to take the necessary actions in advance to assure these work loads can be accomplished in an emergency, contingency, or mobilization situation.

d. Wartime work loads and resource requirements are computed through the AFLC wartime requirements computation. Figure 2 illustrates the factors included in the computations to determine the peacetime organic personnel minimum level core requirements.

PERSONNEL MINIMUM LEVEL CORE REQUIREMENTS

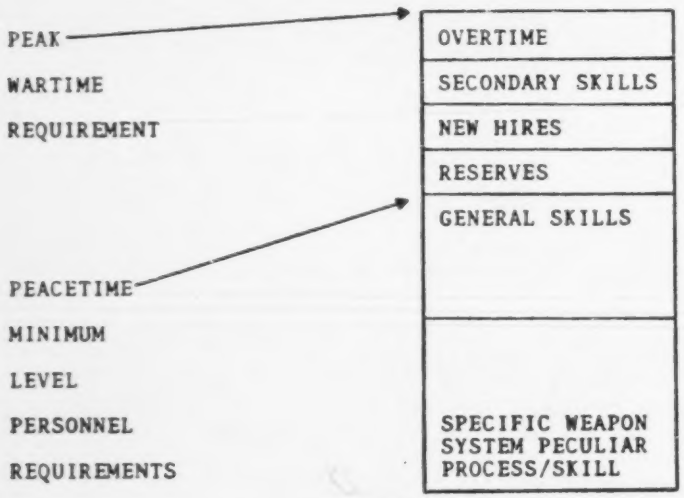

FIGURE 2

e. As shown, the minimum level is that level of peacetime personnel that can accomplish wartime work loads by working overtime and receiving augmentation from military reserve organizations, new hires, and cross-trained workers transferred from low or no-surge work loads. To reduce organic manning below this minimum level would mean some wartime work loads could not be accomplished. Thus, this minimum level is the depot maintenance organic core requirement that must be preserved and protected.

f. A formal, structured process is used to implement the concepts and system described above. One part of this process is a posture planning activity. A plan is maintained with goals to improve the wartime capability of each Air Logistics Center. A

decision logic process, directed and approved by OSD, is used to determine organic versus contractual accomplishment of each new work load. The purpose of these processes is to assure a consistent and open approach, with consideration of all applicable factors, to determining which specific work loads will be included in the minimum level.

g. In addition to personnel, other minimum level resources requirements--such as facilities and equipment--are determined. Wartime work loads are simulated to assure there are no constraining resource shortages.

h. Work not required in the minimum level is placed on contract. This is a simplification of the decision process. There are exceptions to accomplishing all high surge work organically and exceptions to placing each individual work load not required in the minimum level on contract. These exceptions are driven by the consideration that the normal assignment is not cost effective. In some cases, the contractor furnishes all facilities and equipment. In other cases, the facilities and/or some or all of the equipment is government furnished. These decisions are made on an individual work load basis rather than the functional level addressed in this report.

i. There are several factors that assure a greater degree of readiness and surge capability by retaining this minimum level as an organic (in-house) capability:

(1) Command and Control. Organic depot maintenance command and control is exercised over five Air Logistics Centers and specialized organizations. These organizations have standard organizational structures, management processes, communication channels, and established contingency procedures. Thus, organic command and control can quickly and effectively redeploy resources to meet emergencies or mobilization. In contrast to the limited number of organic depot maintenance organizations, the Air Force uses over 650 contractors with widely differing communication and management structures. The relationship with these contractors is controlled by the terms and complexities of a contractual document rather than by direct command authority.

(2) Depot Maintenance Integral Part of Logistics Capability. Depot maintenance is an integral part of the broader logistics wartime capability. Logistics planning must encompass all functions. There are trade-offs between factors such as more or less wartime transportation capability and more or less wartime spare assemblies, subassemblies, or other items. Military management is extensively trained and rotated between operational and logistics assignments to assure detailed understanding of the complex interfaces between these processes. Since options and trade-offs between logistics functions are available and will

unfold during emergencies or mobilizations, management must be able to direct and control all elements of these connective and interdependent functions. On a broader level, there are trade-offs between Air Force logistics capabilities and the capabilities of the other military services. Retention of a minimum level organic capability provides the base line and technical expertise required to maintain an ongoing planning and assessment process in the complex interservicing area.

(3) Management Information and Visibility. A considerable amount of detailed planning is required to assure a wartime surge capability. Wartime work load requirements must be computed for each different type of work load. The requirement and availability of each depot maintenance resource must be separately addressed. As an example of the complexity of this planning, the flow of wartime work loads across all equipment must be simulated to identify bottlenecks in the production process. Due to lead times required to purchase equipment, any bottlenecks must be alleviated before an emergency or mobilization occurs. These planning processes require large amounts of data, are computerized, and require updating on an iterative basis due to changing conditions and missions. These planning processes are effective and affordable because standard management information systems and structures are available at the Air Logistics Centers. The wartime simulations can extract and interface information from these standard, automated systems. By contrast, depot maintenance contractors vary widely in size, type of work, and management information systems.

(4) War Exercises. Because depot maintenance is an integral part of the broader logistics capability and because of the availability of management information and visibility, war exercises can be effectively undertaken. These exercises test the depot maintenance response capability and lead to changes and improvements in planning the wartime posture of depot maintenance. Such war exercises are necessary and normal operations of a military organization.

(5) Organizational Size, Diversity, and Flexibility. The Air Logistics Centers are large organizations employing thousands of people with a diverse range of skills, working on items that range from complete aircraft or engines to specialized components or items. Because of this diversity of productive skills, management, facilities, and equipment, there is considerable flexibility to adjust to changing conditions and to the different mix of work that would occur in mobilization.

(6) Organizational Continuity and Longevity. Depot maintenance contracting is done on a competitive basis. Contractors desiring to enter the business may compete and displace those previously accomplishing the work load. Contractors desiring to

leave the business are free to do so upon completion of their current contractual commitments. A minimum level core organic capability is required to provide a stable base from which to surge in time of emergency or mobilization.

j. In FY83, the total expenditures for Air Force depot maintenance were $3.448 billion. Of this amount, $1.372 billion was paid to contractors accomplishing depot maintenance. Another $.931 billion was paid to contractual suppliers of materiel and repair parts. Thus, 67 cents of each dollar spent for depot maintenance went to private industry. The minimum level core requirement addressed by this report constituted 33 percent of depot maintenance expenditures in FY83.

k. In summary, there is a need for an organic minimum level depot maintenance capability to ensure a ready and controlled source of technical competence and resources necessary to ensure effective and timely response to a mobilization, national defense contingency situations, and other emergency requirements. The Air Force has a formal system, employing decision tree analysis and posture planning, to determine this minimum level and the specific work loads that should be included. Congressional recognition of this required minimum level core, and of the need to protect it against arbitrary manpower reductions, is heartening. In the past, some work loads have been placed on contract because of manpower ceilings that would not have been placed on contract if the concepts and planning system described herein could have been followed. These work loads may be readdressed in future analyses of minimum level core requirements.

4. Exceptions to Core. Operations that are not a part of the minimum core capability, such as maintenance of general purpose vehicles, office custodial services, telephone services, and fire extinguisher servicing, are not part of the core and have been contracted.

BACKGROUND

OF THE

LOGISTICS CORE

1. The March 1979 revision of OMB Circular A-76 limited government operation of commercial activities for national defense reasons to certain activities operated by military personnel or depot and intermediate maintenance activities. As a result, AFLC was concerned that combat critical logistics support functions would be subject to being contracted out on the basis of cost comparison studies.

2. At the request of AFLC, the Air Force strongly recommended to OSD that the national defense criterion be expanded to cover other mission essential logistics functions. Although the OSD staff declined to request a change to the Circular, they assured the Air Force that the implementing DOD directive would include specific language authorizing exemptions in other logistics functional areas. However, on 4 February 1980, DOD 4100.15 was released without such language because the OSD General Counsel considered it to be beyond the authority granted to DOD by A-76.

3. In May 1980, Air Force Secretary Mark agreed with AFLC's contention that a general readiness criterion was still needed to exempt logistics functions from contracting out and promised to pursue this matter with OSD. In December 1980, the Administrator of the Office of Federal Procurement Policy (OFPP) granted the Secretary of Defense authority to waive or modify application of A-76 in the interest of national defense.

4. In April 1982, the Joint Logistics Commanders (JLC) discussed with Mr Carlucci, the Deputy Secretary of Defense, the issue of contracting out logistics support functions. They informed him that the Services need a "logistics core" to ensure a ready and controlled source of technical competence and resources for military contingencies. The JLC agreed to identify core logistics functions to recommend for OSD approval as national defense exclusions.

5. A JLC group identified three core logistics processes: depot maintenance, inventory management, and distribution. They acknowledged that the existing provisions of A-76 were adequate to exempt depot maintenance and inventory management from contracting out. However, distribution was subject to cost comparison. In December 1982, the JLC recommended to the Service Chiefs that OSD be asked to exercise the authority granted by OFPP in December 1980 and waive the provisions of A-76 with respect to specific distribution (supply) functions and information system functions. The Air Staff was asked to take the lead in staffing a request for waiver.

6. In January 1983, OFPP released a proposed revision to A-76 for comment. The Air Force (SAF/ALG) took this opportunity to propose expanding the national defense criterion so that the logistics core would be exempt from contracting out. It also proposed making national defense a reason for designating such functions governmental, rather than commercial, activities.

7. In August 1983, OMB reissued A-76, now entitled Performance of Commercial Activities. The new A-76 did not include the recommendations made by the Air Force, and further removed the specific exemption previously accorded depot maintenance. However, it did include a new national defense provision requiring DOD to establish criteria for determining when government performance of a commercial activity is required for national defense reasons.

8. In view of this provision, AFLC recommended to HQ USAF/MP that the Air Force join with the other services to request the Secretary of Defense to include the logistics core among the A-76 national defense criteria. Air Force agreed and SAF/ALG recommended to OSD that OSD work with the Services in developing the implementing directives for the revised A-76. However, at the close of 1984, the DOD directives had not been developed and the August 1983 A-76 Circular remained unimplemented.

9. Little action occurred on the logistics core initiative during FY84 until the Congress passed a provision in the FY85 Authorization Act requiring the Secretary of Defense to identify logistics core activities. AFLC was tasked through OSD (MI&L), SAF/ALG, and HQ USAF/LEY to identify the logistics core activities within AFLC.

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PRINCIPAL WITNESSES WHO APPEARED IN PERSON OR SUBMITTED WRITTEN STATEMENTS

Members of Congress

Daniel, Hon. Dan, a Representative from Virginia, chairman, Readiness Subcommittee 1, 55, 191, 283, 335, 495, 788, 895, 1011, 1049
Fazio, Hon. Vic, a Representative from California 956
Hutto, Hon. Earl, a Representative from Florida 593, 927, 1093
Kramer, Hon. Ken, a Representative from Colorado:
- Statement 994
- Prepared statement 997

Matsui, Hon. Robert T., a Representative from California 949
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